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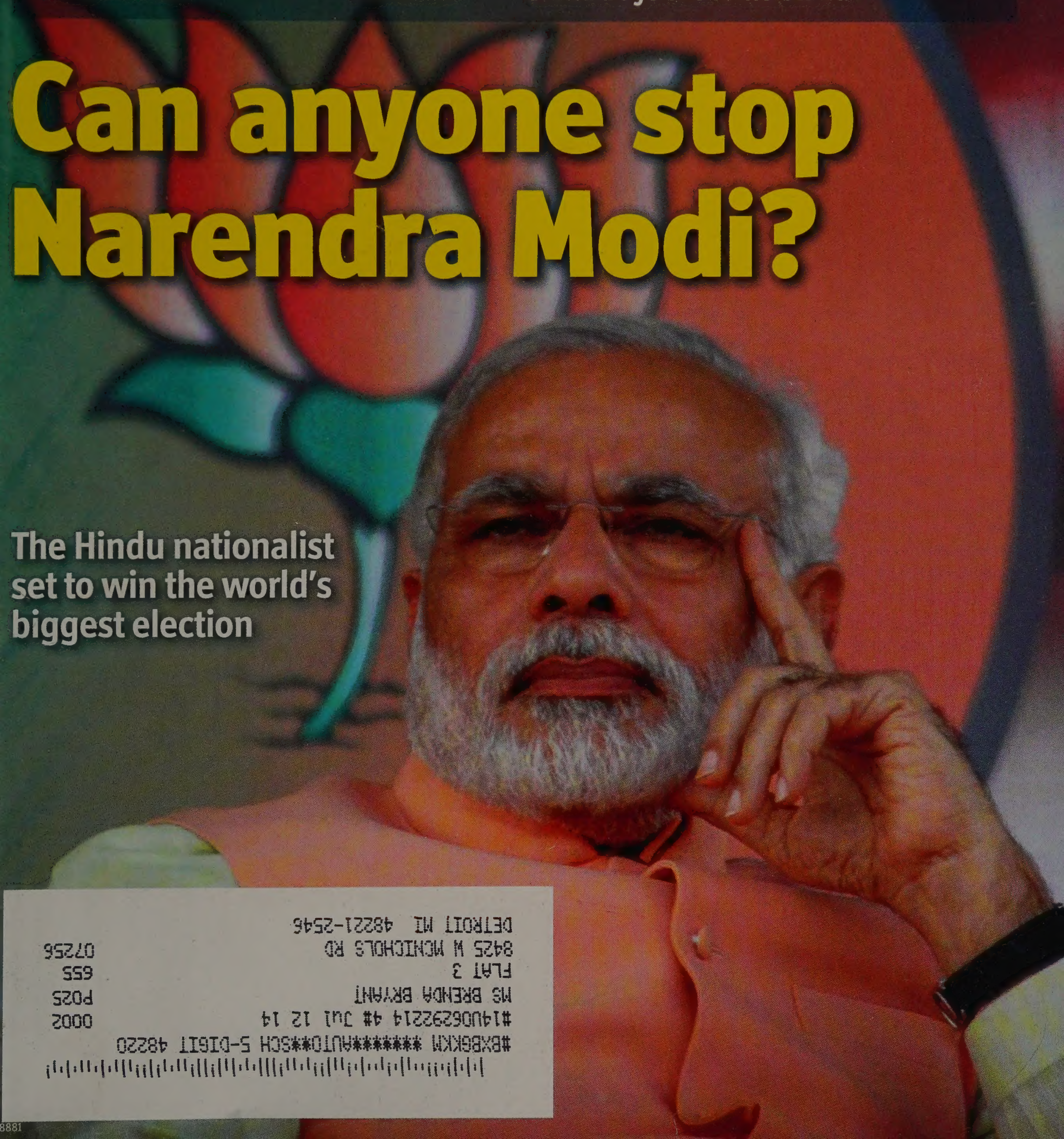

Can anyone stop Narendra Modi?

The Hindu nationalist set to win the world's biggest election

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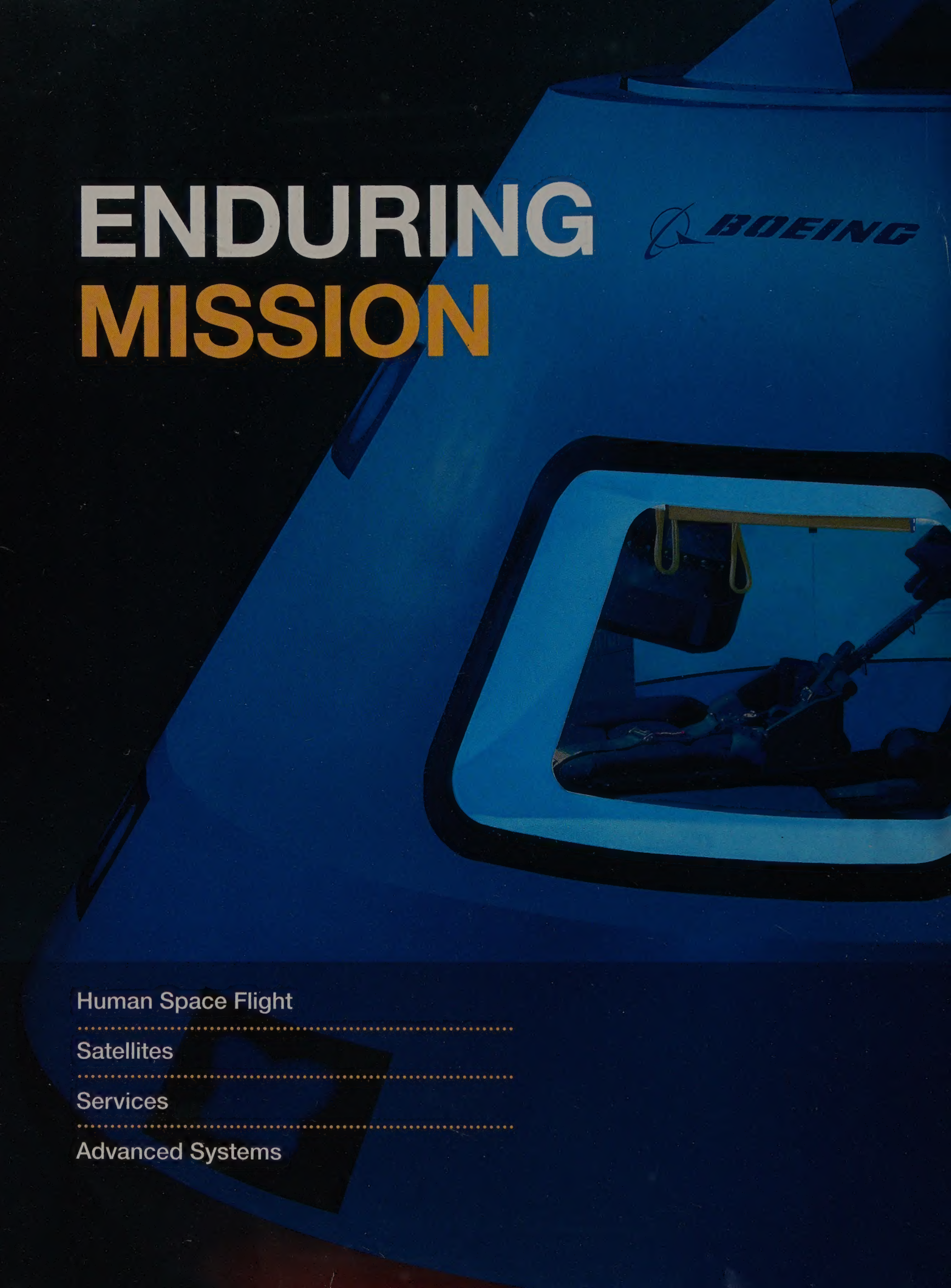

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Economist.com/print

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The Economist

Volume 411 Number 8881

Published since September 1843
to take part in "a severe contest between intelligence, which presses forward, and an unworthy, timid ignorance obstructing our progress."

Editorial offices in London and also:
Atlanta, Beijing, Berlin, Brussels, Cairo, Chicago, Hong Kong, Johannesburg, Lima, Los Angeles, Mexico City, Moscow, New Delhi, New York, Paris, San Francisco, São Paulo, Singapore, Tokyo, Washington DC

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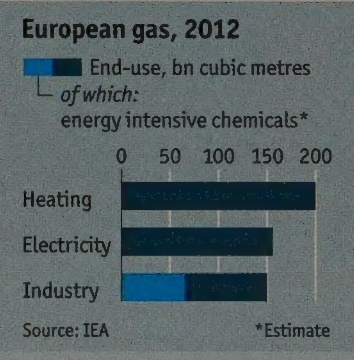

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Subscription for 1 year (51 issues)

United States	US$160
Canada	CN$165
Latin America	US$338

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Politics

Recep Tayyip Erdogan, **Turkey's** prime minister, defied scandal and charges of authoritarianism to celebrate a resounding victory in local elections. His party's tally was not far from the 50% he would need in August to become the country's first directly elected president. In his victory speech Mr Erdogan said supporters of Fethullah Gulen, an influential Muslim cleric and his main opponent, would soon "pay the price" for their "treachery".

Manuel Valls was appointed the new prime minister of **France** in a big reshuffle by François Hollande, the president, following a humiliating defeat for the ruling Socialists in local elections. The centre-right UMP won many towns, including left-wing bastions. The far-right National Front took 11 town halls, its best result ever. Other changes to the cabinet included putting Ségolène Royal (Mr Hollande's ex-partner) in charge of the environment ministry.

For the first time since Russia's annexation of Crimea, foreign ministers from **NATO** discussed how to help Ukraine and any NATO country that felt under threat. Poland requested a deployment of two heavy brigades of NATO troops.

Greece and its international lenders at last signed off on a €8.3 billion ($11.4 billion) tranche of bail-out money after a six-month stand-off. The delay was caused mostly by disagreements over the pace of economic reforms. The Greek government's borrowing costs in the bond market fell to their lowest point since 2010.

The first **gay marriages** took place in England and Wales, after legislation was passed last year. Scotland is expected to legalise same-sex marriage soon, but gay couples are still a long way from being able to tie the knot in Northern Ireland.

Days of reckoning

The **Egyptian** government announced that a presidential election would take place on May 26th and 27th, when Abdel Fattah al-Sisi, the prime mover behind last year's coup, is widely expected to become head of state.

Efforts by John Kerry, America's secretary of state, to arrange a "framework agreement" between **Israelis** and **Palestinians** faltered. The Israelis failed to release a final batch of long-serving Palestinian prisoners, but suggested that, as part of a deal, the Americans free Jonathan Pollard, a Jewish-American in prison since 1987 for supplying secrets to Israel. The Palestinians stepped unilaterally towards statehood by requesting to join a series of UN agencies.

The UN said that there were 1m **Syrian** refugees in **Lebanon**. Three years ago, before Syria's civil war started, Lebanon's population was just over 4m.

Fighting in **Yemen** persisted in the north between Houthi rebels and various rivals, and in the south between government forces and rebels linked to al-Qaeda. Clashes also took place near the capital, Sana'a.

Abubakar Sheikh Ibrahim Shariff, a radical Muslim preacher, also known as "Makaburi", meaning graveyard in Swahili, was shot dead by unidentified men in Mombasa, **Kenya's** port city. He had called for the government's violent overthrow.

At a summit in Brussels, leaders of African and European Union countries agreed to boost the peacekeeping forces that have been trying, so far in vain, to end strife in the **Central African Republic**.

Obama claims victory

The White House said that it hit its target of signing up 7m Americans for private health insurance under **Obamacare**, after a last-minute rush of people tried to enroll to beat a deadline of March 31st.

America's **Supreme Court** struck down limits to the total amount someone can donate in an election, though it kept in place the amount that can be given to any one candidate. Conservatives hailed a victory for free speech; liberals fretted that more campaign money would foster corruption.

Vincent Gray lost his re-election bid as mayor of **Washington, DC**, coming second in the Democratic primary to Muriel Bowser.

Please send money

Cuba's parliament approved a new foreign-direct investment law, which allows Cubans living abroad to invest in the island. It aims to raise about $2.5 billion a year in foreign capital, much-needed fuel for a slowing economy.

An 8.2-magnitude **earthquake** off the coast of northern Chile killed at least six people. The country's copper mines, on which exports depend, were largely unaffected.

Chile's new president, Michelle Bachelet, presented tax-reform plans to parliament. The reforms, which include a rise in the corporate-tax rate, are designed to pay for another of her campaign pledges—free education for all.

Argentina's government announced a cut in water and natural-gas subsidies. Rising living costs make it harder to resist wage demands, however: the Buenos Aires provincial government agreed to a whopping 31% wage increase for striking teachers.

Chemical reaction

People took to the streets of Maoming, in the southern **Chinese** province of Guangdong, to protest against the construction of a petrochemical plant. The demonstrators clashed with police. Authorities described the protests, which spread to the provincial capital, Guangzhou, as "serious criminal behaviour".

North and **South Korea** exchanged fire into the sea across their disputed maritime border. The South says it returned fire after North Korean shells landed in its waters.

The **Philippines** submitted evidence to a UN tribunal in its case against China's territorial claims in the **South China Sea**. This came after a Philippine ship evaded Chinese vessels to take supplies to troops stationed on a disputed shoal. China has refused to take part in the arbitration.

A UN court ruled that the Japanese government must stop its **whaling** activities in the Antarctic, finding that the programme was not for scientific research, as Japan claims.

A very public apology by a Chinese actor to his wife became the most-commented post ever on the Chinese equivalent of Twitter, Sina Weibo. Wen Zhang **tweeted** an apology to his wife, Ma Yili, after he was photographed arm-in-arm with a female co-star. Ms Ma tweeted back that: "Being in love is easy, being married is not."

Business

Mary Barra, the boss of **General Motors**, was given a rough ride in Congress at a hearing into faulty car-ignition switches that have caused at least 13 deaths. GM knew about the defect in 2001, but issued a safety recall only in February, a month after Ms Barra became chief executive. The carmaker has retained Kenneth Feinberg, who oversaw compensation payouts after the September 11th 2001 attacks and the BP oil spill, as a consultant.

Awash with money

Total **cash reserves** held by American companies grew by 12% to $1.6 trillion last year, according to Moody's Investor Services. Around $947 billion of that was placed overseas to escape the clutches of the taxman. Apple, Microsoft, Google, Verizon and Pfizer accounted for 25% of the total; Apple alone held $159 billion, or 9.7%. But alongside the rising mountains of cash, capital spending and dividends hit seven-year highs in 2013.

The **Financial Conduct Authority**, the regulator charged with ensuring Britain's financial markets act with integrity, was lambasted by the Treasury for leaking details about an investigation of the insurance industry to a newspaper. Share prices in insurance companies swooned before the FCA clarified, six hours after markets opened, that it was reviewing "a representative sample of firms". It is to hold an inquiry.

The IMF reported on the implicit government subsidies that are still afforded to banks deemed **"too big to fail"**. Banks benefit through cheaper loan rates, for example, as markets assume that they will be bailed out in a crisis. The IMF calculated that in 2012 these implicit subsidies were worth up to $300 billion in the euro zone, up to $110 billion in both Britain and Japan and up to $70 billion in America, and blamed them for encouraging excessive risk-taking.

Pilots at **Lufthansa** held a three-day strike over changes to an early-retirement scheme. The German airline had to cancel 3,800 flights in the latest, and potentially most damaging, strike to hit it over the past few years.

Bold decision

BlackBerry reported a $5.9 billion net loss for its financial year ending March 1st; revenue for its latest quarter came in at under $1 billion for the first time since 2007. To boost sales the company is to reintroduce its Bold smartphone range, which was launched in 2008 and are especially popular in emerging markets. The newer BlackBerry 10 devices, which came to market last year with high hopes of turning the company around, have not sold so well.

Microsoft announced the first big changes in strategy since Satya Nadella became chief executive. It at last unveiled apps for its Office software that will work on Apple's iPad, and it decided to give away its Windows software for smartphones and small tablets, which should boost the development of apps on Microsoft phones. Bill Gates's philosophy was that software should always be paid for.

The first increase in **Japan's sales tax** for 17 years came into effect. The tax rose from 5% to 8% this week and is set to rise to 10% next year. Revenue from the tax will go towards reducing public debt.

Paolo Scaroni, the chief executive of Italy's Eni, was given a three-year jail sentence for the lax environmental standards at a power plant operated by Enel, which he used to run. Mr Scaroni has had run-ins with the law before. He is to appeal against this conviction.

Royal Mail's share price

Source: Thomson Reuters

Britain's National Audit Office criticised the government for undervaluing **Royal Mail** when it was privatised. The share price has soared from the first day of trading in October. Royal Mail's flotation delivered a quick profit to the 16 institutional investors that were allocated shares to ensure a stable investor base; they sold off almost half of the stock allotted to them within weeks of the IPO.

Amazon launched a media-streaming device that connects to a television, putting it in competition with Apple TV and Google's Chromecast. Fire TV gives viewers access to content from Amazon's video-streaming service, as well those of Netflix and others.

Preliminary data from the Association of American Publishers showed the growth of sales of **e-books** for adults had slowed considerably in 2013, to 3.8%. Including children's titles, e-books actually dropped by 1%. Sales of hardcover books rose by 9.7% but were down for paperbacks. E-books accounted for around 27% of the publishing market.

A minimum wage

A regulatory filing by Facebook revealed that **Mark Zuckerberg** took a salary of $1 last year, joining other Silicon Valley bosses who prefer to tie their wealth to their company's share performance. Mr Zuckerberg topped up his paltry pay by exercising $3.3 billion in stock options.

Other economic data and news can be found on pages 80-81

Can anyone stop Narendra Modi?

He will probably become India's next prime minister. That does not mean he should be

WHO does not marvel at the prospect of India going to the polls? Starting on April 7th, illiterate villagers and destitute slum-dwellers will have an equal say alongside Mumbai's millionaires in picking their government. Almost 815m citizens are eligible to cast their ballots in nine phases of voting over five weeks—the largest collective democratic act in history.

But who does not also deplore the fecklessness and venality of India's politicians? The country is teeming with problems, but a decade under a coalition led by the Congress party has left it rudderless. Growth has fallen by half, to about 5%—too low to provide work for the millions of young Indians joining the job market each year. Reforms go undone, roads and electricity remain unavailable, children are left uneducated. Meanwhile politicians and officials are reckoned to have taken bribes worth between $4 billion and $12 billion during Congress's tenure. The business of politics, Indians conclude, is corruption.

No wonder that the overwhelming favourite to become India's next prime minister is the Bharatiya Janata Party's Narendra Modi. He could not be more different from Rahul Gandhi, his Congress party rival. The great-grandson of Jawaharlal Nehru, India's first premier, Mr Gandhi would ascend to office as if by divine right. Mr Modi is a former teaseller propelled to the top by sheer ability. Mr Gandhi seems not to know his own mind—even whether he wants power. Mr Modi's performance as chief minister of Gujarat shows that he is set on economic development and can make it happen. Mr Gandhi's coalition is tainted by corruption. By comparison Mr Modi is clean.

So there is much to admire. Despite that, this newspaper cannot bring itself to back Mr Modi for India's highest office.

Modi's odium

The reason begins with a Hindu rampage against Muslims in Gujarat in 2002, in which at least 1,000 people were slaughtered. The orgy of murder and rape in Ahmedabad and the surrounding towns and villages was revenge for the killing of 59 Hindu pilgrims on a train by Muslims.

Mr Modi had helped organise a march on the holy site at Ayodhya in 1990 which, two years later, led to the deaths of 2,000 in Hindu-Muslim clashes. A lifelong member of the Rashtriya Swayamsevak Sangh, a Hindu nationalist group in whose cause he has vowed lifelong celibacy, he made speeches early in his career that shamelessly whipped up Hindus against Muslims. In 2002 Mr Modi was chief minister and he was accused of allowing or even abetting the pogrom.

Mr Modi's defenders, and there are many, especially among the business elite, point to two things. First, repeated investigations—including by the admirably independent Supreme Court—have found nothing to charge their man with. And second, they say, Mr Modi has changed. He has worked tirelessly to attract investment and to boost business for the benefit of Hindus and Muslims alike. Think, they say, of the huge gains to poor Muslims across India of a well-run economy.

On both counts, that is too generous. One reason why the inquiries into the riots were inconclusive is that a great deal of evidence was lost or wilfully destroyed. And if the facts in 2002 are murky, so are Mr Modi's views now. He could put the pogroms behind him by explaining what happened and apologising. Yet he refuses to answer questions about them. In a rare comment last year he said he regretted Muslims' suffering as he would that of a puppy run over by a car. Amid the uproar, he said he meant only that Hindus care about all life. Muslims—and chauvinist Hindus—heard a different message. Unlike other BJP leaders, Mr Modi has refused to wear a Muslim skullcap and failed to condemn riots in Uttar Pradesh in 2013 when most of the victims were Muslim.

The lesser of two evils

"Dog-whistle" politics is deplorable in any country. But in India violence between Hindus and Muslims is never far from the surface. At partition, when British India fractured, about 12m people were uprooted and hundreds of thousands perished. Since 2002 communal violence has died down, but there are hundreds of incidents and scores of deaths each year. Sometimes, as in Uttar Pradesh, the violence is on an alarming scale. The spark could also come from outside. In Mumbai in 2008 India suffered horrific attacks by terrorists from Muslim Pakistan—a nagging, nuclear-armed presence next door.

By refusing to put Muslim fears to rest, Mr Modi feeds them. By clinging to the anti-Muslim vote, he nurtures it. India at its finest is a joyous cacophony of peoples and faiths, of holy men and rebels. The best of them, such as the late columnist Khushwant Singh (see page 82) are painfully aware of the damage caused by communal hatred. Mr Modi might start well in Delhi but sooner or later he will have to cope with a sectarian slaughter or a crisis with Pakistan—and nobody, least of all the modernisers praising him now, knows what he will do nor how Muslims, in turn, will react to such a divisive man.

If Mr Modi were to explain his role in the violence and show genuine remorse, we would consider backing him, but he never has; it would be wrong for a man who has thrived on division to become prime minister of a country as fissile as India. We do not find the prospect of a government led by Congress under Mr Gandhi an inspiring one. But we have to recommend it to Indians as the less disturbing option.

If Congress wins, which is unlikely, it must strive to renew itself and to reform India. Mr Gandhi should make a virtue of his diffidence by stepping back from politics and promoting modernisers to the fore. There are plenty of them and modernity is what Indian voters increasingly demand (see pages 20-22). If, more probably, victory goes to the BJP, its coalition partners should hold out for a prime minister other than Mr Modi.

And if they still choose Mr Modi? We would wish him well, and we would be delighted for him to prove us wrong by governing India in a modern, honest and fair way. But for now he should be judged on his record—which is that of a man who is still associated with sectarian hatred. There is nothing modern, honest or fair about that. India deserves better. ■

Turkey's elections

Be merciful, great Sultan

After his unexpectedly big win, Recep Tayyip Erdogan should be magnanimous

IT WAS a triumph by any standards. In Turkey's local elections on March 30th, the ruling Justice and Development (AK) party took over 45% of the vote. Although the results are contested in 41 cities including Ankara, the capital, AK held on easily to Istanbul. Recep Tayyip Erdogan, the prime minister, had turned these elections into a referendum on himself and his government. The past 12 months have seen a veritable maelstrom of protests and corruption scandals, a controversial clampdown on judges, prosecutors and the media, and a ban on YouTube as well as one on Twitter that the constitutional court has ruled illegal. For Mr Erdogan to do even better than pollsters expected has confounded his opponents.

Yet although Mr Erdogan's voter base may still be strong, his democratic credentials are looking weaker, for his behaviour has become increasingly autocratic. Faced with demonstrations and allegations of corruption, he has undermined freedoms of assembly and speech. In a centralised country with few checks and balances, he has vastly increased the government's control over the judiciary, the security services and the police. He is fiercely pursuing people or firms linked to an influential Pennsylvania-based Sunni cleric, Fethullah Gulen, who was once his close ally but is now a vocal opponent.

As a result, Turkey is becoming increasingly polarised: between AK and its rivals, between Anatolia and the cosmopolitan west, between the devout and the secularists, between Sunni Muslims and Alevis. The prime minister's domineering instincts have led him to treat his electoral majority as a mandate that gives him licence to punish the minority. Whereas after earlier election victories the AK leader promised piously to work for all Turks, this time Mr Erdogan has vowed to go after his opponents, threatening to enter their "lairs" and make them pay (see page 47).

Such divisive talk is dangerous in an unsteady country. After the chaos of the 1990s, Turkey enjoyed a decade of stability and prosperity under Mr Erdogan that depended on two strong anchors. One was sound macroeconomic policy, backed initially by the IMF and later by financial markets; the other was the prospect of joining the European Union, with which Mr Erdogan opened membership negotiations in October 2005. Today Turkey risks losing both.

Growth has already slowed sharply. Investors have become warier of all emerging markets, and Turkey, with proportionately one of the biggest current-account deficits in the world, is especially vulnerable, which explains why the lira has lost a quarter of its value in 12 months. Internal strife between AK's supporters and opponents may further discourage the foreign investors whom Turkey so badly needs.

Although EU membership was always a distant and uncertain prospect, talks about joining the club have provided an incentive to reform and a brake on misconduct. But they have stalled in recent months, and they seem unlikely to revive as long as Mr Erdogan continues to undermine the rule of law and attack the independent media.

A problematic legacy

Mr Erdogan seems to be planning a run for the presidency in August. His ambition, it is generally believed, is to hold the post in 2023, the centenary of the republic's foundation, and to be feted during those celebrations as the country's greatest leader since Ataturk. Ataturk was not without authoritarian impulses of his own, but he is remembered by Turks as a unifier. If Mr Erdogan wants to be mentioned in the same breath, he should try much harder to represent the interests of all Turks, not just those who rallied to him this week. ■

The Cuban embargo

If not now, when?

This would be an especially good time for a change in America's relations with Cuba

THE United States first placed an embargo on Cuba in 1960, one year after Fidel Castro seized power and one year before Barack Obama was born. It has since become part of the furniture of American foreign policy. Five decades of use will wear anything thin, and the logic behind the embargo looks ever weaker. It has failed to dislodge the Castro regime of either Fidel or, since 2006, his brother Raúl. Indeed, by enabling the island's rulers to present themselves as the victims of hegemonic bullying, it has shored up support for Cuba abroad and given an excuse for totalitarianism at home. America's allies think the embargo is counter-productive at best, vindictive at worst.

Why has America continued with it? Politics. For decades Cuban exiles in the swing state of Florida have supported it, and have made sure that the (mainly Republican) politicians who represent them enforce it strictly. And even if others in Congress privately think the embargo is loopy, few, especially on the right, want to look as if they are soft on the "communist" Castros. Besides, they usually add, Fidel will die soon.

Whatever logic there was in this is being undermined in four ways. First, the Castros are becoming ever less communist. The process of economic liberalisation under Raúl took another step forward this week with the approval of a new ▸▸

law on foreign direct investment (see page 30). Like other moves towards capitalism, this one is halting: the state will still be an intrusive presence and firms will have little say over hiring and firing. But the law will slash tax rates for new investments and allow foreigners into new sectors of the economy. It confirms Cuba's overall trajectory towards freer enterprise.

Cuba's keenness on outside investment stems from the second reason to reconsider the embargo. The regime's fortunes are tied to those of Venezuela, which supplies Cuba with cheap oil in return for doctors, intelligence support and a splash of ideological credibility. But Venezuela's economy is crumbling and its leftist government is in trouble, so Cuba needs a plan B in case it demands market prices for its oil. The choice is probably between another helpful oil producer (Russia, whisper some) and greater trade with the outside world. Small cracks in the embargo allowed $360m of exports from the United States to Cuba in 2013; that figure would zoom if restrictions were lifted. Would Congress really prefer the Castros to choose someone like Vladimir Putin over free enterprise?

The third change is taking place inside Florida. Younger Cuban-Americans do not feel as bitter about Fidel as their grandparents do. Despite loosening restrictions on travel and remittances to Cuba in his first term, Mr Obama picked up almost 50% of the Cuban-American vote in his 2012 re-election. In February Charlie Crist, a Republican-turned-Democratic candidate to become Florida's governor, came out against the embargo, having previously supported it.

And, finally, there is business. Earlier this year Alfonso Fanjul, a sugar tycoon and longtime Castro opponent, raised the possibility of investing in the island. Heavier remittance flows mean that many Americans are now funding Cuban firms without having control over them. Meanwhile, other countries are pushing ahead. The European Union, the largest foreign investor in the island, is soon to start talks on a new accord. In January a deepwater port opened in Mariel on Cuba's northern coast, a prime spot to handle traffic with the United States should the drawbridge come down. The port was built by Brazil; it is operated by a Singaporean firm.

Embargo, going, gone

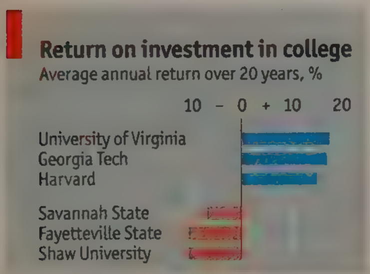
There are still plenty of diehard anti-Castro figures in Washington. But calling the arguments they marshal threadbare is unkind to threads. Cuba does not threaten American security. It is playing a constructive role in the peace process between Colombia's government and the FARC guerrillas. Its political system is nasty and undemocratic, but it is buttressed, not undermined, by the embargo. (The reverse is true of the standing of the United States in Latin America.) Waiting for the Castros to die makes no sense when Venezuela's crisis presents an opportunity now to cement the process of liberalisation in Cuba.

If Congress will not budge, Mr Obama could use his executive authority to thaw relations further—loosening travel restrictions, taking Cuba off the list of state sponsors of terrorism, and trying to negotiate a swap of prisoners. But that is second best. The embargo increasingly exists only because it happens to be there. ■

Higher education

Making college cost less

Many American universities offer lousy value for money. The government can help change that



YOU cannot place a value on education. Knowledge is the food of the soul, Plato supposedly remarked. Great literature "irrigates the deserts" of our lives, as C.S. Lewis put it. But a college education comes with a price tag—up to $60,000 a year for a four-year residential degree at an American university.

A report by PayScale, a research firm, tries to measure the returns on higher education in America (see page 23). They vary enormously. A graduate in computer science from Stanford can expect to make $1.7m more over 20 years than someone who never went to college, after the cost of that education is taken into account. A degree in humanities and English at Florida International University leaves you $132,000 worse off. Arts degrees (broadly defined) at 12% of the colleges in the study offered negative returns; 30% offered worse financial rewards than putting the cash in 20-year Treasury bills.

None of this matters if you are rich and studying fine art to enhance your appreciation of the family Rembrandts. But most 18-year-olds in America go to college to get a good job. That is why the country's students have racked up $1.1 trillion of debt—more than America's credit-card debts. For most students college is still a wise investment, but for many it is not. Some 15% of student debtors default within three years; a startling 115,000 graduates work as caretakers.

If the job market picks up, this dismal picture will improve. But there is another obvious way to increase the returns on a college education: make it cheaper. The price of college has risen more than four times faster than inflation since 1978, easily outpacing doctors' bills. Much of this cash has been wasted on things that have nothing to do with education—plush dormitories, gleaming stadiums and armies of administrators. In 1976 there were only half as many college bureaucrats as academic staff; now the ratio is one to one.

By the universities' own measures, this has produced splendid results. Students are more than twice as likely to receive "A" grades now than in 1960. When outsiders do the grading, however, they are less impressed: one study found that 36% of students "did not demonstrate any significant improvement in learning" over four years of college.

The revolution is coming—eventually

In time, digital education is likely to put the squeeze on universities. Online courses can be provided more cheaply than traditional ones, since they do away with the luxury-hotel aspect of college and involve no assistant deans for campus climate. Already, courses from the Massachusetts Institute of Technology (MIT) are available online, free. Ever more online educators will offer qualifications that employers both understand and value. As that happens, traditional universities will have ▸▸

to provide better value for money—perhaps with a mix of online and in-person tuition—or go out of business.

But although you can take MIT courses online, America's universities do not yet offer many reputable degrees to online students. Technology is taking a while to disrupt higher education. In the meantime, the government can help push down costs. It is already trying to do so. Last year Barack Obama unveiled the "college scorecard", which will tell students the cost and graduation rate of the course they have chosen. But it needs to go further. Universities should be required to find out how much their graduates earn and, on the basis of that, provide students with a rate of return on their investment.

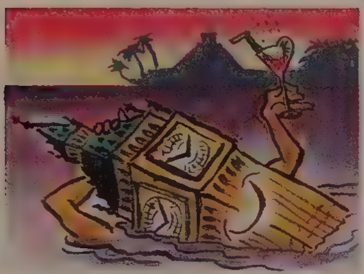
Universities should also have more of a stake in their students' success. They already have some incentive to ensure their alumni do not crash and burn: if a university's student-loan default rates rise beyond 25%, then its students no longer have access to federally backed loans. This nuclear threat has been effective against the most egregious offenders, but until colleges approach that threshold, there is little reason for them to steer students in more remunerative directions. If they were made liable for a slice of unpaid student debts—say 10% or 20% of the total—they would have more skin in the game.

Objectors argue that such changes will doom less remunerative—especially arts—subjects. They will not. Some people will study arts and humanities for the joy of it; others who do so will find gainful employment. But the decision to pay tens of thousands of dollars for higher education is the first big decision most young people take, and one that, for better or worse, will shape the rest of their lives. America should do everything it can to help them get it right. ■

Democracy and lethargy

Britain's idle Parliament

The legislature has stopped doing things, so it might as well start undoing things



HYPERACTIVITY is not a virtue in a legislature. Winston Churchill thought Parliament should meet for no more than five months a year. Texas enjoys relative freedom from red tape partly because its state legislature meets only every other year. If the European Parliament sat only once every two years, the continent's regulation-infested economy might well be healthier. But Britain's current parliament is taking indolence to rarely explored levels.

In its youth, the coalition government was vigorous and uncouth. Beginning in May 2010, the Conservative and Liberal Democrat parties set about reforming schools, universities, the police, welfare and health care. This newspaper called it "Radical Britain", and depicted David Cameron as a punk rocker. Now the government has gone into a middle-aged slump. It has almost run out of bills to pass. The 2012-13 parliamentary session nearly broke a record for inactivity: in only one year since the second world war that was not interrupted for a general election did the House of Commons sit for fewer days. Parliament churned out 1,768 pages of government legislation. The 2013-14 session is going to be even less productive: with seven weeks to go, it has generated just 801 pages.

MPs have found ways of filling their time. Some have holed up in their constituencies, where they obsess over the politics of potholes, courting votes in preparation for the general election due in May 2015. A few are writing books. In February one was photographed bobbing about in the Caribbean. He had been invited to Cancún to give a talk on waste, he explained. Back in Westminster, MPs' assistants sleepily browse YouTube and consult the cricket scores (see page 50).

Some of the reasons for the politicians' enforced idleness are peculiar to this government. When they formed their pact in 2010, the Tories and Lib Dems feared that the alliance would soon wobble. So they passed a law fixing parliamentary terms at five years to provide their government with stability, before bolting through big pieces of legislation. Most of their programme has now been enacted. The rest—House of Lords reform and a plan to redraw constituency boundaries, for example—has been ditched following internal rows. So there is a hole in the parliamentary calendar.

But the pattern of legislative *Blitzkrieg* followed by indolence will probably outlast the coalition. Five-year fixed parliamentary terms may remain on the statute book. The gradual decline in support for the two big parties, the Conservatives and Labour, means further coalitions or administrations with small majorities are likely. Such governments are fragile, making dramatic early progress more appealing. In his memoirs Tony Blair counselled his successors to legislate quickly if they wanted to get anything done at all.

Don't just sit there. Undo something

There are plenty of important things that Parliament should be doing. This newspaper wishes it was pushing ahead with new airport capacity for London, a better energy policy and a plan for the Trident nuclear-weapons system. But because broaching these issues would pull the coalition apart, they have been shelved until after the election.

Since Britain's politicians seem incapable of passing any useful new laws, they should occupy themselves in scrapping some useless old ones. There are plenty of candidates for the legislative dustbin: the bit of the 2005 Clean Neighbourhood and Environment Act that requires people to obtain a licence to give out leaflets in a public place; the schedule of the 2006 Safeguarding Vulnerable Groups Act which demands so much vetting that it has led some schools to require parents to obtain a Criminal Records Bureau check before attending a sports match; the section of the 2010 Equality Act that requires anyone who exercises a "public function" to "have due regard" for various ill-defined imperatives like "good relations between persons who share a relevant protected characteristic". We could go on.

With luck, it would start a trend. If, in a few years' time, parties campaigned as much on the laws they scrapped as those they created, this idle parliament would have turned out to be rather radical—not to mention more useful. ■

Russia's strongman

SIR – "The new world order" (March 22nd) criticised Vladimir Putin for "defying the principle that intervention abroad should be a last resort in the face of genuine suffering". Yet history has shown that adhering to this rule prolongs human suffering and results in more armed conflict, not less. Look at Nazi Germany, Rwanda and your own example of Kosovo. These genocidal calamities could have been prevented had the world not clung to the quaint notion that action of any sort was a "last resort", and had the great powers of those days acted together and directly during the early stages of those crises.

True, Mr Putin has clearly stretched, possibly even perverted, the definition of human suffering in justifying his annexation of Crimea. But give him his due and grudgingly accord him some degree of respect for acting boldly and decisively in coming to what he rightly or wrongly perceives to be the requisite defence of his countrymen.

The real tragedy in Crimea is not Mr Putin's rejection of international law. It is the West's failure to act. The West may see intervention as a last resort, but Mr Putin apparently sees it as a first choice.

JAY LEWIS
York, Pennsylvania

SIR – I do not agree that Mr Putin is a force for instability and strife. If anything, he is a calming influence on Western powers that have inflicted death and misery in Serbia, Afghanistan, Iraq and Libya, encouraged a terrorist group to take power in Egypt, and helped the terrorist groups that are trying to take over Syria.

HENRY POLTI
Brussels

SIR – I deplore your obsessive devotion to splashing Mr Putin's face, torso, background, personality and cartoon image throughout your newspaper. *The Economist* has an editorial penchant for showing up third-world strongmen in a way that brings out their ridiculous pretensions and helps us right-thinking folks in developed countries to look on them with suitable scorn.

Mr Putin is different. Seriously different. He is not another Hugo Chávez or Jacob Zuma. He needs to be treated differently, journalistically as well as diplomatically.

BRYAN DUNLAP
New York

Brazil's foreign policy

SIR – Bello's column of March 22nd criticised aspects of Brazilian foreign policy, especially in relation to the situation in Venezuela. One has to ask why it is that "real leadership" has to be associated with interfering in the internal affairs of other countries.

The Brazilian government firmly believes in what Bello termed as our "long tradition of multilateralism and non-intervention", through a democratic, collective approach. It is regrettable that Brazil's commitment to non-intervention and to promoting dialogue is perceived by *The Economist* as "ambivalence".

ROBERTO JAGUARIBE
Ambassador of Brazil
London

Jumping the gun

SIR – You cited a phone survey among your evidence that there are more guns but fewer gun-owners in America ("Locked and loaded", March 15th). Although the article mentioned some possible sources of sampling error, it ignored by far the greatest problem with the phone survey: respondents who lied.

It is impossible to test how many people don't tell the truth in a phone poll, but we can get some idea. After reading your article, I carried out an informal poll on a website dedicated to firearms enthusiasts, and asked people how they would respond to a phone survey that wanted to know if they owned a gun. Of the several hundred people who responded to my poll, less than 10% said they would answer truthfully and admit to gun ownership. Over half of the respondents said that they would either refuse to answer and just hang up (which would obviously skew the sampling horribly), and over a third said that they would deliberately lie, and claim not to own guns.

Of course I personally do not own any guns. No sir, none at all.

CLAUS LANGFRED
Associate professor of management
George Mason University
Fairfax, Virginia

Police and the public

SIR – You argued that oversight of the newly elected police and crime commissioners in England and Wales is weak ("Missing a beat", March 15th). PCCs were introduced to break the kind of crony management that dominated the police service under police authorities. Yes, only 8% of people can name their PCC, but only 22% can name their member of Parliament. How many could name a single member of their police authority? We all accept the election of PCCs in 2012 was a mess, although turnout was not all that different from a by-election held the same day. If you want evidence of change, look at the increase in public engagement by PCCs, lower costs (yes, they are), proper control on senior police pay and lower average police precept rises. That alone might suggest a healthy rebalancing of police accountability.

Through PCCs the public have control. Don't expect the cosy old committee insiders to like it. You might be surprised that some of the new police leaders do.

CHRISTOPHER SALMON
Police and crime commissioner for Dyfed-Powys
Llangunnor, Carmarthenshire

Making college pay

SIR – In the 18th century, ship captains were paid just for taking convicts on board in England, not for their safe arrival in Australia. Around 10% of the prisoners died along the way. So the government switched to paying the captains a bonus for each man that walked off the boat alive, and mortality fell to virtually zero.

Universities are paid on input—for taking students on board—and your article highlighted the perverse effects that this brings ("The price of success", March 15th). Universities should instead be paid for their output, for helping their graduates get into high-paying careers. As Milton Friedman once suggested, in place of debt-funded tuition fees universities should instead receive a percentage of their graduates' earnings. This would properly align the interests of the university with the student over the long term.

PETER AINSWORTH
London

Here's the rap

SIR – To suggest that "Perhaps Jay-Z should be offered a guest lectureship at Stanford Business School" is not as odd as you think ("The art of the struggle", March 15th). He is a successful entrepreneur and investor, partly owning or founding businesses such as the 40/40 Club, Rocawear, Roc-A-Fella Records and Roc Nation Sports. And he made his millions from scratch. The harder thing would be to convince Jay-Z to teach.

ANUP KARATH NAIR
Glasgow

Not wild about mild

SIR – I'm sure I speak for many readers of your newspaper when I commend you on the disappearance of your all-too-frequent mantra that Recep Tayyip Erdogan's government in Turkey is "mildly Islamic" ("Anatolia mostly loves Erdogan", March 8th).

But the void can readily be filled by a substitute: "harshly authoritarian", perhaps, or "mildly totalitarian".

MORTON KELLER
Cambridge, Massachusetts ■

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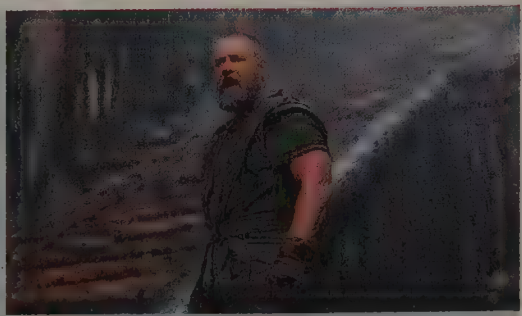
Barking up the right tree

America is no longer home to the highest skyscraper, but it may yet boast the world's tallest building made from dead trees. A 125-metre-high skyscraper made from timber products is now technically and economically feasible

The post-imperial chessboard

The school in Ak-Sai, a windy village between Kyrgyzstan and Tajikistan, once served a multi-ethnic community in a multi-ethnic empire. These days the schoolhouse also doubles as a half-secret barracks for a company of Kyrgyz special forces



Raining, cats and dogs

After the success of "Black Swan", Darren Aronofsky got the opportunity to direct his first big studio production. The result, "Noah", tells the tale of the ark from a postmodern, environmentalist perspective in which humans have pillaged the planet

From our blogs

Americas: If they had saved the money
Hugo Chávez largely squandered the riches of the 2000s oil boom. What would it have taken for Venezuela to set up a meaningful oil-stabilisation fund?

China: Watch what you say
The Communist Party wields its formidable power in all manner of ways, successfully muting or softening criticism from CEOs and world leaders

Culture: House-builder
No one ever truly invents a new style of music. But Frankie Knuckles, who died on March 31st, was the man often credited as the godfather of house music

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Programme Director, Global Sanitation Fund (D-1)

WATER SUPPLY & SANITATION COLLABORATIVE COUNCIL

The Water Supply and Sanitation Collaborative Council (WSSCC), which drives efforts to improve sanitation for the most vulnerable people, seeks a highly motivated individual to provide strategic leadership and vision for its Global Sanitation Fund, managing an annual budget of approximately $25-30 million.

More than 2.5 billion people do not have access to a safe, clean and private place where they can defecate and wash their hands afterwards. As a result, they, their family and their neighbours risk falling ill to a host of life-threatening but preventable diseases, including diarrhea. WSSCC's Global Sanitation Fund invests in low-cost, behavior-changing programmes with the potential to transform the lives of millions of the world's poorest people. To date, the Fund has allocated US$ 177 million to 16 country programmes, with a further 10 countries to be added in coming years.

The Fund's Programme Director leads the development and implementation of both financial and technical support to national sanitation and hygiene programmes in developing countries; manages relationships with a diverse range of stakeholders, including donors, host governments and NGOs; oversees rigorous monitoring and evaluation efforts; and ensures the Fund plays a catalytic role in leveraging community savings, public investment and private capital to enable countries achieve their national sanitation and hygiene targets.

Candidates should have at least 15 years of progressively responsible experience in policy formulation, programme management and project administration, and at least 7 years of relevant experience at the international level, especially South/Southeast Asia and Sub-Saharan Africa. In addition, candidates should have practical experience working with community organizations, entrepreneurs and local authorities either in the water, sanitation and hygiene sector or in related fields of public health, or social development.

The application deadline for this position is **5 May 2014**.

WSSCC is hosted by the United Nations Office of Project Services. Further information about the role and application process can be found at www.unops.org. For more information about WSSCC please see: www.wsscc.org

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Appointments are expected to commence on 1 June 2014. To download an application pack please visit http://publicappointments.cabinetoffice.gov.uk. Alternatively, for a hard copy please contact 47423@odgersberndtson.com or telephone 020 7529 6326. Braille, taped or large print versions available on request.

The closing date for all applications is 5pm on 21 April. Interviews are expected to take place in central London in May.

HM Treasury

BANK OF ENGLAND

International Oil Pollution Compensation Funds

Human Resources Manager
(Vacancy N°2014-01)

The International Oil Pollution Compensation Funds (IOPC Funds) are three intergovernmental organisations (1992 Fund, Supplementary Fund and 1971 Fund) which provide compensation for pollution damage resulting from oil spills from tankers. At present, 113 countries belong to this regime. The IOPC Funds are administered by a joint Secretariat, based in London, with 29 staff members.

The Human Resources Manager will be responsible for the full range of human resources matters in conformity with the United Nations common system.

Applicants should have an advanced university degree or equivalent qualifications in an appropriate field (human resources management, public or business administration, psychology or social sciences) plus considerable experience in a similar position with international organisations.

Only candidates from 1992 Fund Member States will be considered.

The salary is in accordance with the UN scale (Grade P.3) commencing at US$60 205 plus post adjustment of US$57 616 ie a total of US$117 821 pa (dependency) and US$56 198 plus post adjustment of US$53 781 ie a total of US$109 979 pa (single). Both rates are free of United Kingdom income tax.

Detailed information on the role and application requirements can be found on the Funds' website www.iopcfunds.org.

Applications must be accompanied by a copy of the IOPC Funds' Personal History Form. The completed IOPC Funds Personal History Form should be sent by e-mail to Vacancy14.01.HR@iopcfund.org or posted to: Human Resources Manager, Finance and Administration Dept., International Oil Pollution Compensation Funds, Portland House, Bressenden Place, London SW1E 5PN. The deadline for the receipt of applications is 16 May 2014.

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CGIAR

DIRECTOR GENERAL

The Africa Rice Center (www.AfricaRice.org) is a leading pan-African rice research organization committed to improving livelihoods in Africa through strong science and effective partnerships. An intergovernmental association of 25 African member countries, AfricaRice is one of the 15 international agricultural research centers that are members of the CGIAR Consortium.

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- Ph.D. or equivalent in agriculture, economic development, or management science.
- A minimum of 10 years of successful experience leading scientific research teams or organizations, preferably in Africa, building successful collaboration with regional and international research and development partners, and demonstrating a strong record of mobilizing resources.

The application date for timely consideration of résumés has been extended to 31 May, 2014. Applications from qualified women are strongly encouraged. All qualified candidates are invited to submit their CV to Gabriella Snoeck, Senior Associate, Kincannon & Reed Global Executive Search at: gsnoeck@KRsearch.net.

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How to Apply:A letter of application setting out why the applicant considers himself/herself suitable for the post, together with (a) full curriculum vitae, plus copies of academic qualification certificates and record of previous employment and (b) two referees from whom one written reference letter should be sent to Administration Division, Invest Hong Kong, 25/F, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong or by email to job@investhk.gov.hk. The closing date for the application is 7 May 2014, 5:00pm (Hong Kong time). Those who are not invited for interview may assume that their applications are unsuccessful. For enquiry, please call our enquiry hotline at (852) 3107 1076.

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We are connected

DELHI

Rapid social change and assertive voters will improve Indian democracy

INDIA'S general election, the world's biggest democratic exercise, kicks off on April 7th. Voting will take place, across 35 states and territories, until May 12th. The country has a Westminster-style system: it is divided into 543 roughly equal constituencies (typically with some 1.5m voters), each sending a single MP to parliament. The whole electorate is a whopping 815m people, the populations of America and the EU combined.

A decade of rising incomes, on the back of a growth spurt, has improved many lives. Yet opinion polls show that voters everywhere are grumpy. One released this week by the Pew Research Centre found 70% dissatisfied with India's prospects and more than eight out of ten bitterly gloomy about economic matters. "Everything is a problem for the Indian voter," concludes Bruce Stokes of Pew.

Politics is messy: hefty regional parties claim roughly half the total vote and run many state governments. At the national level two broad groupings exist, to which others lend support. One is led by secular Congress, which has a national presence and has ruled for a decade (and 54 of the past 67 years). The other is fronted by the right-leaning, Hindu-dominated Bharatiya Janata Party (BJP). This, the main opposition, draws most of its strength from the mostly Hindi-speaking north and west.

The village of Kamalpur, some 70km from central Delhi, shows the pre-election mood as well as any. It boasts a tarmac road, a row of tiny barber shops and fields of young green wheat. This used to be a poor, rural spot, but no longer. Half-built concrete towers line an improved highway as the city marches into western Uttar Pradesh (UP). Many locals are giving up farming to sell milk or flowers to the city, or hire out generators. Several toil in textile factories in Noida, the nearest big town.

These workers, in turn, are changing the lives of those left behind. Before 2004, says a teacher, few families sent children to school, least of all daughters. "Now you cannot earn from farming, so everyone wants to get educated and find jobs in factories near Delhi," he says. The greatest concern is jobs, say the men beside him.

The mood of Kamalpur's residents is revealing. As they are mostly Muslims, Congress hopes for their votes. Yet the party's main message interests nobody. No one speaks in favour of public welfare, subsidised rice and wheat or efforts to provide make-work jobs, policies supposed to give Congress the support of the rural poor. "A programme is good if it reaches here, but it doesn't come," says one man, sparking a lively chat about crooked politicians. A good road to the city helps more.

By contrast, the BJP is fired up. Middle-caste Hindus whose lives are fast improving dominate nearby villages. Those who have grumbled eternally about bad rains can now moan instead about traffic jams into Delhi. Signs of their new wealth are abundant. Walk down narrow alleys and men crowd around to film you using their tablets and phones. "It is very fine here," says one. "We are connected."

These voters back the BJP and predict rapid economic gains after the election. They are impatient for a better life, having tasted the optimism that faster expansion brought in the 2000s. Frustrated since then by slower growth (stuck at 5%) and high prices, they want Congress crushed.

A watershed in three parts

This election is likely to be seminal. A campaign strategist for a big party talks of "citizen consumers" who are intolerant of substandard politicians and readier than ever to dump them. These more demanding voters are emerging thanks to three intertwined trends: a youth bulge, urbanisation and rising incomes. In time, they should help to improve the political system. ▸▸

The rise of the young is dramatic. Around half of India's 1.2 billion people are under 26, with no memories from before the first liberalising reforms of 1991 but aware that development still lags. These "born frees" are the vanguard of a huge number who will come of age in the next two decades. Over 100m voters have been added to the electorate since 2009. Turnout is usually about 60%, but could be higher—recent state elections show people unusually eager to vote.

Shrewder politicians are taking advantage. Swapan Dasgupta, a political analyst close to Narendra Modi, the BJP prime-ministerial candidate, describes a campaign strategy focused on the young. He thinks 40% of voters are under 35, and care most about jobs. "They ask what their future is likely to be, that is more important than their local identity," he says.

Women are being wooed, too. Older politicians hardly bothered, since women voted less than men, or (notably in villages) did as husbands or fathers ordered. That is changing. Studies of national and state elections show women voting more: the gap between them and men has shrunk with every decade. Nationally women's representation is low, with just under 11% of MPs in the last parliament, but it is rising. Parties now cram campaign material with images of women voters.

The second broad trend is the rise of urban India (see chart 1). Official statistics, somewhat misleadingly, suggest that nearly two-thirds of Indians still live in villages. Boundaries drawn in 2008 also count about two-thirds of constituencies as rural. These have been frozen until 2031. But facts on the ground are changing fast: in two decades they will be utterly different.

Urban India generates nearly two-thirds of national income. Some 50 cities have 1m residents or more; greater Delhi contains more people than the Netherlands. Connecting them, across thousands of kilometres, are incipient industrial corridors, thickening ribbons of roadside development. Increasingly, as in Kamalpur, the city matters beyond its limits. Those in villages who take on jobs—as shopkeepers, small businessmen, traders in farm equipment—are not so different from town folk.

Some 300m people will move to town in the next 25 years, almost doubling the urban population. Urban votes are destined to outnumber the rural. Out of 543 constituencies, over 150 are already "totally or substantially urban", reckons a strategist for a large party. That tally will rise fast.

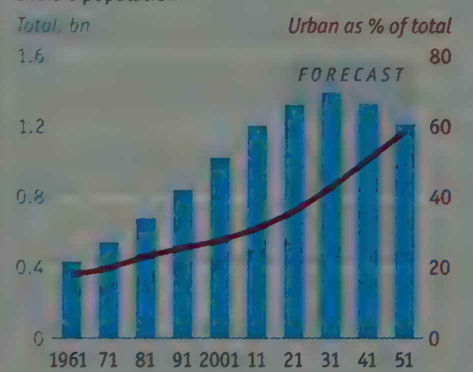
Town-dwellers are said not to vote. In places this is true. A Hyderabadi politician recalls the failure in 2009 of an urban anti-corruption party, People's Power, which tried appealing to IT workers and the like but found that only 150,000 had registered to vote in the city. However, data from the Election Commission analysed by a think-tank, CSDS, show that urban turnout historically differs little from rural.

As important, urban types are influencing their country cousins. Villagers studying in town, a family relying on remittances from a son there, growing numbers who watch cable television and get phone calls from town, all help shape the opinions of rural friends and relatives. Consumer-goods firms grasp this, as they see rural folk adopting urban shopping habits. The English-language *Times of India* reports a flourishing circulation in villages. Ideas spread, too. Small towns and villages in 2011 soon mimicked the anti-corruption protests that first erupted in Delhi.

The third big trend involves incomes. The less-poor are becoming more politically demanding, and centuries-old feudal habits are waning. Illiterate peasants often deferred to powerful local landowners, royals or famous dynasts from the ruling party. Now changes in jobs, incomes and literacy rates (74% generally, higher among the young) are helping to end that.

From village to city

India's population



Source: National statistics

India may have been rotten at creating formal employment, but millions have left the fields, for at least part of the year, to work in construction, drive lorries, or do jobs in roadside cafés or beauty parlours across 646,000 towns and villages. That changes how they see themselves. Owning a phone, says one observer, brings a strong sense of status, even dignity.

Among the 200 households in Kamalpur, concrete walls are replacing mud. Nearly half the homes contain a television—cricket, soap operas and news are popular—and the teacher says 70% of families have a small motorbike. Roughly half the youngsters know how to go online using smartphones. Everyone has a mobile phone: "They're for girlfriends," says a teenage boy, grinning. It all represents dramatic change from five years ago.

Politicians know they can profit from this. Mr Modi's talk about jobs especially appeals to what he calls the "neo-middle class". Rahul Gandhi, the leader of Congress, refers to a "new class", claiming that it has "emerged now under our ten-year rule". Gurcharan Das, a former boss of Procter & Gamble, now a writer, thinks this class already constitutes a third of the population and will rise to half in a decade.

A rich Indian investor in Bangalore predicts that this group will hold more electoral sway than the very poor, whose numbers are falling. The government claims, plausibly, that 140m have escaped the worst poverty in the past ten years. More will follow, if the economy holds up. Every new English-language or computer-studies school is a sign of aspiration.

"One God, that is GDP"

The coming election is a chance to see these three broad trends reshape politics. Some argue that they decided the last one, in 2009, when urban voters bet that the prime minister, Manmohan Singh, an economist, would keep growth up and inflation down and create jobs. (They were wrong.) Frustrated, they have since protested, first against corruption, then in demonstrations over women's safety and later by backing the new Aam Aadmi (Common Man) Party in Delhi. Now they have turned to Mr Modi.

Such voters care less about caste or religion, and more about economic prospects. This matters for how politics works. Older voters, especially in poorer areas, are more likely to be treated as part of an identity group, and then bought off. A group leader contacts a politician and offers to sell a "vote bank" for money and goodies-in-kind, such as saris, booze or cricket sets.

So much illicit money is usually diverted to election spending that the flow of cash almost dries up in some lines of trade, such as the construction industry. Owners of building firms need strong political connections, so they provide much of the money that is dished out before polling. A journalist in Hyderabad says that a typical candidate might spend "40m-50m rupees [$700,000-800,000] per constituency to fund and feed the voters".

In old-style politics voters also seek pay-offs for their group, such as welfare, preferential status for a sub-caste or government jobs. Candidates may play up the insecurities (often genuine) of a particular minority, such as Muslims or dalits, the Hindu group formerly known as "untouchables". Big regional parties based on caste or religion preach the message that having "one of us" in office matters more than what a government actually does.

Yet that approach looks dated, at least among younger, more urban and wealthier voters. They are increasingly likely to consider themselves individuals, not members of groups. Bribing voters may become less useful if group leaders struggle to deliver promised vote banks, as is more and more the case. Canny voters know that they can often bag gifts from rival candidates, then cast their ballots as they ▸▸

would have done regardless.

Voters seem to be judging politicians more by their performance. In the past, delivering economic growth seemed to have little link to getting re-elected. That is changing (see chart 2). In state governments, parties presiding over decent economic growth have been re-elected, as in Gujarat, Bihar, Madhya Pradesh and Odisha; those who fail to deliver have been booted out, as in UP and Rajasthan.

Surveys point the same way. People no longer like to admit to caring about caste and religion. A team from the University of Pennsylvania, Carnegie Endowment and India's Lok Foundation, which is interviewing 68,500 voters before and after the election, says 57% of respondents cite economic matters (growth, inflation, personal income) as most important. Just 3% mention caste or identity.

The researchers admit that this overstates things. Most people also care strongly about candidates' caste and religion. Still, the trend is towards pragmatism, says Rajiv Lall of the Lok Foundation; politicians need to focus more on delivering development. Not everyone welcomes that. A political commentator in his club in Kolkata—West Bengal is India's strongest bastion for lefties—harrumphs that "the post liberalisation generation, the 22-year-old, thinks there is only one God, that is GDP."

The cult of the leader

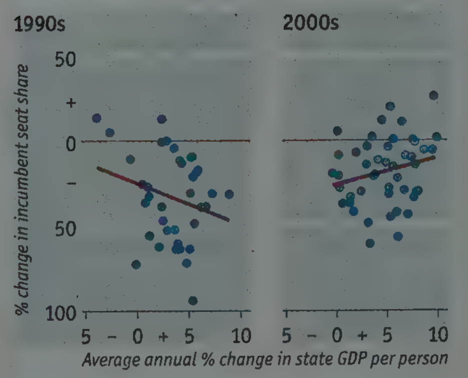
Another change is in how campaigns are run. Of old, especially among villagers, a politician was supposed mainly to show his face at rallies. This is still true: Mr Modi, for example, plans nearly 200 by the end of voting in mid-May. But younger, better-off and more urban voters are increasingly reached through the media; and this, over time, could encourage more national voting trends.

Television matters most. Those rallies are partly designed to get coverage on evening news broadcasts, regional and national. Out of 234m households, 153m now have a set, up from 123m at the last election. Campaign adverts frequently interrupt viewing; the BJP's are especially slick. Mr Modi now hopes television can help to spread the idea of an unstoppable wave of support for him. Creating that expectation matters: voters like to back winners in the hope of getting rewarded.

New technology is increasingly important. The better organised parties, including Arvind Kejriwal's AAP, use mass text messages to raise lots of small donations—handy if you refuse funds from crooked businessmen. Phones also help recruit volunteers. Social media will probably have little influence. Facebook's 93m Indian users may sound like a lot, but they are only a ninth of the electorate. Still, rapid internet growth, like the spread of phones a decade ago, points to bigger changes later.

Richer voters, snugger incumbents

Indian state elections



Source: Milan Vaishnav & Reedy Swanson, Carnegie Endowment for International Peace

The media also help to explain how a personality cult is rising around Mr Modi, encouraged by his gruff, rather macho personality and a desire among some for a strong leader. But his campaign, encouragingly, is mostly about his development record as chief minister in Gujarat. Few appear explicitly drawn or repelled by his much darker record from 2002, when rioting in Gujarat saw more than 1,000 killed, most of them Muslims.

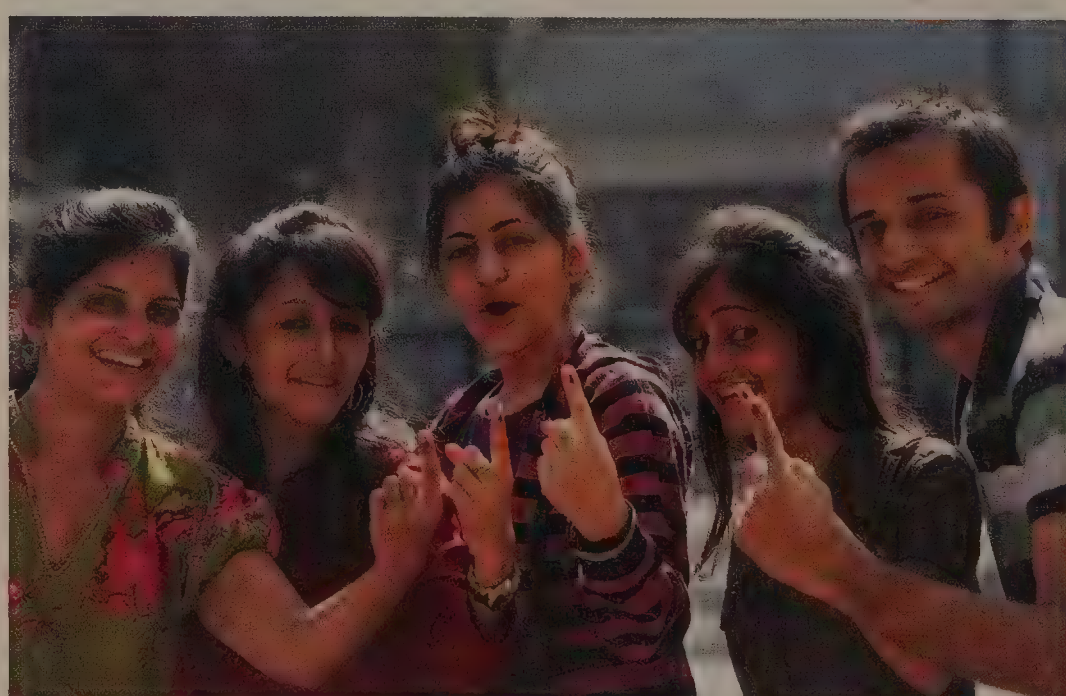
People also warm to Mr Modi's carefully promoted story as a man who, by his own efforts, rose from humble beginnings as a tea-seller. That is a contrast to Rahul Gandhi of Congress, the pampered dynast. So far Mr Gandhi, though only 43, looks ill-at-ease with the hopes of young voters. His emphasis on offering a new "regime of rights" assumes that voters would trust government to guarantee them. That trust has faded. "He is 20 years behind the rest of India, he misses the trend, that young people want good jobs, they don't want to dig holes in the ground or get subsidies," says a political observer in Bangalore.

Others in his party understand the changes better. Nandan Nilekani, a 58-year-old billionaire who co-founded Infosys, a successful firm, is contesting his first seat in Bangalore. His brief stump speech is businesslike, calling for transparent rules in government, saying the private sector must flourish to create millions of jobs.

An adviser speaks fluently about changing politics: "An earlier generation was content to be ruled and lorded over. Young Indians now expect more. Ambitions have grown non-linearly, but our system, our structure has not kept up. People are no longer content." The candidate himself talks of "the new, aspirational young voter, the professional, educated, who doesn't look to the state for benefits".

Mr Nilekani's campaign is efficient, using 1,000 volunteers, sending a personalised letter to each voter, studying electoral data from 2009 to guide canvassers to the promising corners of his constituency. He calls himself a "guinea pig", experimenting with a cleaner, sharper style of campaign. Others could hardly replicate what a billionaire celebrity does, but his techniques can be adopted, if not his biography. His chances of beating his old-style opponent, a five-term incumbent from the BJP, are probably even.

Win or lose, at least he grasps what many constituents in Bangalore, and those young, increasingly urban and better-off residents of Kamalpur are demanding. They see society changing fast, and expect politics to respond. They want to hold leaders to account and judge how they perform in office. That will almost certainly mean a new party in power, very probably the BJP, come May. Beyond that, politicians need to learn that citizen consumers will prove pushier, more troublesome and more impatient than the deferential electorates of old. For India's democracy, that can only be a good thing. ■



Don't tell them how to vote

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Higher education

Is college worth it?

CHICAGO

Too many degrees are a waste of money. The return on higher education would be much better if college were cheaper

WHEN LaTisha Styles graduated from Kennesaw State University in Georgia in 2006 she had $35,000 of student debt. This obligation would have been easy to discharge if her Spanish degree had helped her land a well-paid job. But there is no shortage of Spanish-speakers in a nation that borders Latin America. So Ms Styles found herself working in a clothes shop and a fast-food restaurant for no more than $11 an hour.

Frustrated, she took the gutsy decision to go back to the same college and study something more pragmatic. She majored in finance, and now has a good job at an investment consulting firm. Her debt has swollen to $65,000, but she will have little trouble paying it off.

As Ms Styles's story shows, there is no simple answer to the question "Is college worth it?" Some degrees pay for themselves; others don't. American schoolkids pondering whether to take on huge student loans are constantly told that college is the gateway to the middle class. The truth is more nuanced, as Barack Obama hinted when he said in January that "folks can make a lot more" by learning a trade "than they might with an art history degree". An angry art history professor forced him to apologise, but he was right.

College graduates aged 25 to 32 who are working full time earn about $17,500 more annually than their peers who have only a high school diploma, according to the Pew Research Centre, a think-tank. But not all degrees are equally useful. And given how much they cost—a residential four-year degree can set you back as much as $60,000 a year—many students end up worse off than if they had started working at 18.

PayScale, a research firm, has gathered data on the graduates of more than 900 universities and colleges, asking them what they studied and how much they now earn. The company then factors in the cost of a degree, after financial aid (discounts for the clever or impecunious that greatly reduce the sticker price at many universities). From this, PayScale estimates the financial returns of many different types of degree (see chart on next page).

Hard subjects pay off

Unsurprisingly, engineering is a good bet wherever you study it. An engineering graduate from the University of California, Berkeley can expect to be nearly $1.1m better off after 20 years than someone who never went to college. Even the least lucrative engineering courses generated a 20-year return of almost $500,000.

Arts and humanities courses are much more varied. All doubtless nourish the soul, but not all fatten the wallet. An arts degree from a rigorous school such as Columbia or the University of California, San Diego pays off handsomely. But an arts graduate from Murray State University in Kentucky can expect to make $147,000 less over 20 years than a high school graduate, after paying for his education. Of the 153 arts degrees in the study, 46 generated a return on investment worse than plonking the money in 20-year treasury bills. Of those, 18 offered returns worse than zero.

Colleges that score badly will no doubt grumble that PayScale's rankings are based on relatively small numbers of graduates from each institution. Some schools are unfairly affected by the local job market—Murray State might look better if Kentucky's economy were thriving. Universities that set out to serve everyone will struggle to compete with selective institutions. And poor colleges will look worse than rich ones that offer lots of financial aid, since reducing the cost of a degree raises its return.

All these caveats are true. But overall, the PayScale study surely overstates the financial value of a college education. It does not compare graduates' earnings to what they would have earned, had they skipped college. (That number is unknowable.) It compares their earnings to those of people who did not go to college—many of whom did not go because they were not clever enough to get in. Thus, some of the premium that graduates earn simply reflects the fact that they are, on average, more intelligent than non-graduates.

What is not in doubt is that the cost of university per student has risen by almost five times the rate of inflation since 1983, and graduate salaries have been flat for much of the past decade. Student debt has grown so large that it stops many young people from buying houses, starting busi- ▸▸

nesses or having children. Those who borrowed for a bachelor's degree granted in 2012 owe an average of $29,400. The Project on Student Debt, a non-profit, says that 15% of borrowers default within three years of entering repayment. At for-profit colleges the rate is 22%. Glenn Reynolds, a law professor and author of "The Higher Education Bubble", writes of graduates who "may wind up living in their parents' basements until they are old enough to collect Social Security."

That is an exaggeration: students enrolling this year who service their debts will see them forgiven after 20 years. But the burden is still heavy for many. It does not help that nearly a third of those who take out such loans eventually drop out of college; they must still repay their debts. A third transfer to different schools. Many four-year degrees drag on longer, and so cost more. Overall, the six-year graduation rate for four-year institutions is only 59%.

The lousy national job market does not help, either. A report by McKinsey, a consultancy, found that 42% of recent graduates are in jobs that require less than a four-year college education. Some 41% of graduates from the nation's top colleges could not find jobs in their chosen field; and half of all graduates said they would choose a different major or school.

Chegg, a company that provides online help to students, collaborated on the study. Dan Rosensweig, its boss, says that only half of graduates feel prepared for a job in their field, and only 39% of managers feel that students are ready for the workforce. Students often cannot write clearly or organise their time sensibly. Four million jobs are unfilled because jobseekers lack the skills employers need.

Grading the graders

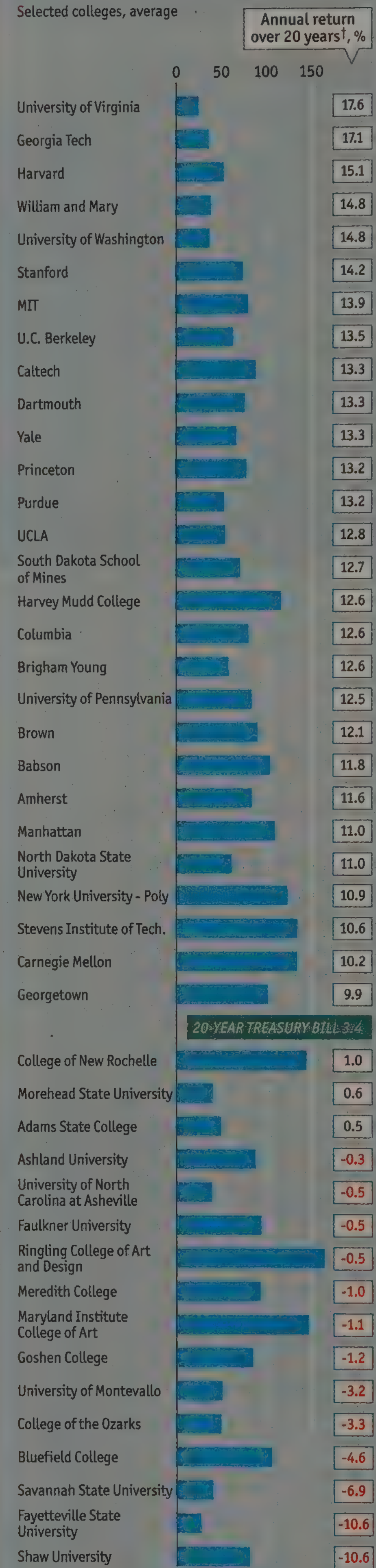
For all their flaws, studies like PayScale's help would-be students (and their parents) make more informed choices. As Americans start to realise how much a bad choice can hurt them, they will demand more transparency. Some colleges are providing it, prodded by the federal government. For example, the University of Texas recently launched a website showing how much its graduates earn and owe after five years.

"Opportunity", said Mr Obama on April 2nd, "means making college more affordable." In time, transparency and technology will force many colleges to cut costs and raise quality. Online education will accelerate the trend. In 2012, 6.7m students were taking at least one online course. Such courses allow students to listen to fine lecturers without having to pay for luxurious dormitories or armies of college bureaucrats. They will not replace traditional colleges—face-to-face classes are still valuable—but they will force them to adapt. Those that offer poor value for money will have to shape up, or disappear. ■

The rewarding and the ruinous

Total cost of a degree*, 2013, $'000

Selected colleges, average



*After financial aid †Earnings minus cost of college and earnings of a typical high-school graduate

Source: PayScale

Interactive: Compare all US colleges on the same basis at Economist.com/uscollegeROI

Political corruption

Gun-banner and gun-runner?

SAN FRANCISCO

California's Democrats are suddenly mired in scandal

AFTER a mass shooting in Colorado, Leland Yee, a Californian state senator, proposed tougher gun curbs. Waxing indignant at the way mad people and bad people can use firearms to slaughter the innocent, the San Francisco Democrat declared that "gun-control laws are effective in preventing gun-related homicides".

Last week the FBI accused Mr Yee of trying to peddle illegal guns. Just as bootleggers once cheered Prohibition, it claims that this outspoken foe of powerful weapons tried to profit from dealing in them. In a 137-page affidavit the bureau alleged, among other things, that he offered to connect an FBI agent masquerading as a New Jersey *mafioso* with gun-running insurgents from the Philippines.

Many lurid details fill the report, which covers a five-year investigation into gangland activity in and around San Francisco's Chinatown. Much of it involves Raymond Chow, a diminutive Chinese gangster known locally as "Shrimp Boy" (pictured on next page, with Mr Yee). Mr Chow, whose claims to have gone clean now smell a bit fishy, was arrested last week along with Mr Yee and 24 others.

Mr Yee was bailed on a $500,000 bond. The corruption and weapons-trafficking charges he faces carry sentences of up to 20 years (his legal team has said he will plead not guilty and is apparently considering an entrapment defence). The National Rifle Association, a pro-gun group, is delighted. Its press release piously offers Mr Yee the presumption of innocence that he denied in the past (the NRA says) to gun owners.

How did the mild-mannered lawmaker get into such trouble? Saddled with debt from a failed bid to be mayor of San Francisco, and raising funds to run for California secretary of state (a race he has now quit), Mr Yee, the FBI says, was tempted into mischief. He allegedly offered to link buyers with suppliers of automatic weapons and rocket-launchers, and to provide various political favours in return for campaign contributions of $70,000 or so. At one point the report has him boasting to an undercover agent: "Do I think we can make some money? I think we can make some money." He may, oddly, be able to use his campaign funds to help pay his legal bills.

This is the third abuse-of-office scandal to hit Californian Democratic senators in recent months. Ron Calderon, another victim of an FBI sting, stands accused of taking bribes to help expand tax breaks for film ▸▸

producers (he is pleading not guilty); Rod Wright, a senator from Los Angeles, was rumbled for not living in his electoral district (he is appealing against his perjury conviction). All three have been suspended on full pay; the Senate leadership, as well as California's governor, Jerry Brown, have urged them to resign.

California used to be seen as a fairly clean, if dysfunctional, place. Unlike the east coast, with its party machines and opaque movements of money, California's love of direct democracy, which weakens parties and allows individuals to be recalled from office, was supposed to keep politicians honest. In 2012 the Centre for Public Integrity, a watchdog, declared it the fourth-least-corrupt state. Now some Californians are wondering if the Democrats' unchecked power encourages bad behaviour. Republicans are dusting off their Lord Acton phrasebooks.

In this respect, at least, the problem is solving itself, for the suspensions deprive the Democrats of their two-thirds supermajority in the Senate. That could jeopardise plans for a much-needed water bond and a fiscal reserve. Still, the party should muddle through this year's elections relatively unscathed. In the meantime, some Californians are quietly enjoying their dalliance with notoriety. "When I picked up the newspaper this morning I thought they'd delivered the *Chicago Tribune* by mistake," says a San Franciscan, failing to mask his glee. ■


Shrimp Boy and chum

Money in politics

Sky's the limit

NEW YORK

The justices open the door to more campaign contributions

SHAUN McCUTCHEON, a businessman from Alabama, wanted to give a symbolic $1,776 to 28 Republican candidates for Congress in 2012. Because of federal limits imposed after the Watergate scandal, Mr McCutcheon was allowed to donate this sum only to 16 campaigns. On April 2nd, however, the Supreme Court ruled that he can get his chequebook out again. In *McCutcheon v. Federal Election Commission*, the justices voted 5-4 to strike down two "aggregate caps" on campaign contributions, leaving "base limits" of $2,600 per candidate, per election intact. Where individuals had been limited to total contributions of $48,600 to candidates for federal office and $74,600 to political parties and political-action committees, they can now give as much as they like.

"There is no right more basic in our democracy," Chief Justice John Roberts wrote in the court's plurality opinion, "than the right to participate in electing our political leaders." The First Amendment's freedom-of-speech guarantee includes the right to "contribute to a candidate's campaign." So although "money in politics may at times seem repugnant to some," it is entitled to "vigorous" protection. It is unconstitutional, Mr Roberts wrote, to "restrict the political participation of some in order to enhance the relative influence of others."

The only good reason to curb campaign donations, the Court ruled, is to prevent corruption. So caps on donations to individual candidates make sense: a "financial quid pro quo", or appearance thereof, taints a $1m cheque to someone running for Congress. But if it is lawful to give $1,776 to one candidate, or 16, it is odd to argue that the same sum would corrupt the 17th recipient, or the 400th. "The Government may no more restrict how many candidates or causes a donor may support," Chief Justice Roberts wrote, "than it may tell a newspaper how many candidates it may endorse."

In dissent, Justice Stephen Breyer and three other liberal justices argued that the ruling undervalues the "integrity of our governmental institutions". Together with the *Citizens United* decision of 2010, Mr Breyer charged, *McCutcheon* "eviscerates our Nation's campaign-finance laws, leaving a remnant incapable of dealing with the grave problems of democratic legitimacy that those laws were intended to resolve." The majority fails to understand what donor dollars can buy, fumed Mr Breyer. "The threat...posed by the risk of special access and influence," he wrote, "remains real."

South Carolina politics

Conservatives of every hue

ROCK HILL

All the big jobs are up for grabs in the Palmetto state

GENTEEL and friendly is the image of South Carolina—until the political season rolls round. Then no holds are barred. This year, all the highest statewide offices are up for grabs: the governorship, both US Senate seats and all seven seats in the House of Representatives. Such bounty is unusual, and South Carolinians are rubbing their hands.

The bonanza has happened because Jim DeMint resigned his Senate seat in 2013 to head the Heritage Foundation, a conservative think-tank, in Washington, DC. The state's Republican governor, Nikki Haley, appointed Tim Scott, then a congressman, to fill the seat pending a special election.

Mr Scott, South Carolina's first black senator, is one of only two blacks in the Senate. Although the state's Republican voters are mostly white, he is wildly popular with them. "He is the living, breathing embodiment of our conservative values," explained Wes Climer, a local Republican official, at an early-morning pow-wow last week at the Rock Hill-York County airport featuring doughnuts, coffee and Mr Scott, who is touring the state to kick off his election campaign.

Mr Scott has only token opposition in the Republican primary in June, and should win handily in November. Still, he does not please everyone. "A ventriloquist can always find a good dummy," said the Rev William Barber, president of the North Carolina NAACP, a black lobby group, in January. Mr Scott, he suggests patronisingly, is just a pawn for the extreme right.

South Carolina's other senator, Lindsey Graham, hopes to be re-elected to his third term in November. First, however, he must fend off six Republicans to the right of him in the primary on June 10th. A seventh would-be challenger, an ex-police officer called Dave Feliciano, recently tried to draw blood by claiming that the senator is "ambiguously gay". Mr Graham, who is single, insists that he is not homosexual, but the charge has dogged him for years. Having made it again, Mr Feliciano decided not to enter the race.

A thoughtful conservative and a foreign-policy hawk, Mr Graham has more than $7.6m to spend and no strong Democratic opposition, so his seat is probably safe. His supporters point out that this is a good thing: he is one of the few Republicans left in the polarised Senate who will occasionally work with the Democrats.

In the governor's race, there is likely to ▸▸

be a rematch this autumn between Mrs Haley, South Carolina's first female and first Indian-American governor, and Vincent Sheheen, the well-regarded Democratic state senator who lost narrowly to her in 2010. Mrs Haley, a Tea Party favourite, endorsed Mitt Romney early and once hoped to serve in his administration. Instead she is facing Mr Sheheen again, who is running a cleverer campaign this time. Her approval ratings are in the mid-40s, and every taxpayer in South Carolina remembers that the biggest theft of taxpayer data in American history took place on her watch in 2012, when all South Carolinian taxpayers who had submitted their tax returns online for the previous 14 years had their Social Security numbers and other sensitive information stolen by unknown hackers in Europe.

An upset by Mr Sheheen is therefore possible, but difficult in such a reliably Republican state. Mrs Haley has refused, for example, to expand health-insurance cover for the poor under Obamacare, is staunchly anti-union and recently signed legislation allowing licensed gun-owners to carry concealed handguns into bars and restaurants that serve alcohol—as long as they do not drink booze and the bars and restaurants let them in. This delighted the state's many gun-lovers, who had earlier been thrilled by the photo she posted on her Facebook page of the 9mm Beretta Px4 Storm pistol that her husband gave her for Christmas. ■

Silicon Valley on TV

"Girls" for geeks

NEW YORK

What HBO's "Silicon Valley" says about tech culture

"FOR thousands of years, guys like us have gotten the shit kicked out of us. But now...we can be in charge and build empires." So says Richard Hendricks, the protagonist of "Silicon Valley", a television comedy that starts on April 6th on HBO. In the pilot Mr Hendricks, the mousey-kid inventor of Pied Piper, a fictional compression algorithm, tries to decide whether to sell a small stake in his startup to a venture capitalist or the whole thing to Hooli, a tech giant that sounds suspiciously like Google. He is living every geek's dream. If only he were cooler.

For years HBO has made programmes that gently mock—and reflect—contemporary culture. "Sex and the City", a show about single women in New York, has sparked a gazillion conversations about how much one should spend on shoes and how soon one should take a new boyfriend to bed. "Girls", which began in 2012, has inspired twentysomethings everywhere to have awkward sex and not find jobs.

"Silicon Valley" lampoons not only gawky youngsters but also the seedbed of American innovation. Look beyond the free food and glittery parties, and Silicon Valley is a savage place. Friends are ejected from companies they helped launch (one character extols Mark Zuckerberg of Facebook, who "was such a tough negotiator that now all his friends are suing him. I mean, how awesome is that?"). Titans try to sabotage each other's projects. There are so few female executives that hosts hire women to talk to socially inept engineers at parties.

Amusingly, none of the gizmos in the show seems to work. Virtual-meetings

Attack of the clones

software crashes; voice-recognition technology cannot deal with basic English. Suit-scorning techies nonetheless wear uniforms, sporting grey hoodies like Mr Zuckerberg or black turtlenecks like the late Steve Jobs of Apple. Would-be technopreneurs are encouraged to drop out of college as quickly as possible; in real life Peter Thiel, an investor, offers some clever kids $100,000 to do just this.

"Silicon Valley" taps into Americans' unease about the technology industry. On the one hand, they love its products. On the other, they wince when it buries older businesses or turns arrogant 25-year-olds into instant billionaires. Will Pied Piper catch fire or flame out? Many Americans will root for the latter—as they watch the show on their smartphones.

Property in Miami

Erectile resumption

MIAMI

Could the Miami skyline one day resemble Manhattan's?

ICON BRICKELL, a three-tower complex in Miami's financial district, was supposed to be a flagship project for the Related Group, the city's top condominium developer. It would boast 1,646 luxury condos, a 91-metre-long pool, and a hundred 22-foot columns in its entryway. By 2010, however, it had become a symbol of the excesses of the city's building boom, and Related was forced to hand two of the towers to its banks. Miami condo prices plunged to 60% below their peak. The vacancy rate jumped to 60%. Predictions flew that the market, the epicentre of America's property crash, would take ten years to come back, or even longer.

The speed of the recovery has surprised everyone. Condo prices are already back near peak levels in Miami's most desirable areas, and at 75-80% elsewhere. The available supply of units has fallen back to within the six-to-nine-months-of-sales range considered normal, from a stomach-churning 40 in 2008. Only 3% of condos are unoccupied. Sales of condos and single-family homes are above pre-crisis levels across Miami-Dade County. Commercial property, too, has rebounded, with demand outstripping supply. Developers are once again relaxed enough to crack jokes. "I call the current expansion the Viagra cycle," jokes Carlos Rosso, Related's president of condominium development. "We just want it to last a little longer."

The recovery has been partly driven by low interest rates and bottom-fishing by private equity, which helped to clear excess inventory. But the biggest factor is that the city nicknamed the "Capital of Latin America" has attracted a flood of capital from Latin America. Rich people in turbulent spots such as Venezuela and Argentina are seeking a safe haven for their savings.

Estate agents are also seeing capital flight from within the United States. Individuals pay no state or city income tax in Miami, unlike, say, New York, whose mayor wants to hike taxes on the rich further. "Somebody said to me, 'Give me three reasons why this will continue.' My answer was: Maduro, Kirchner and De Blasio," chuckles Marc Sarnoff, a Miami city commissioner, referring to the leaders of the capitalist-bashing regimes in Venezuela, Argentina and New York.

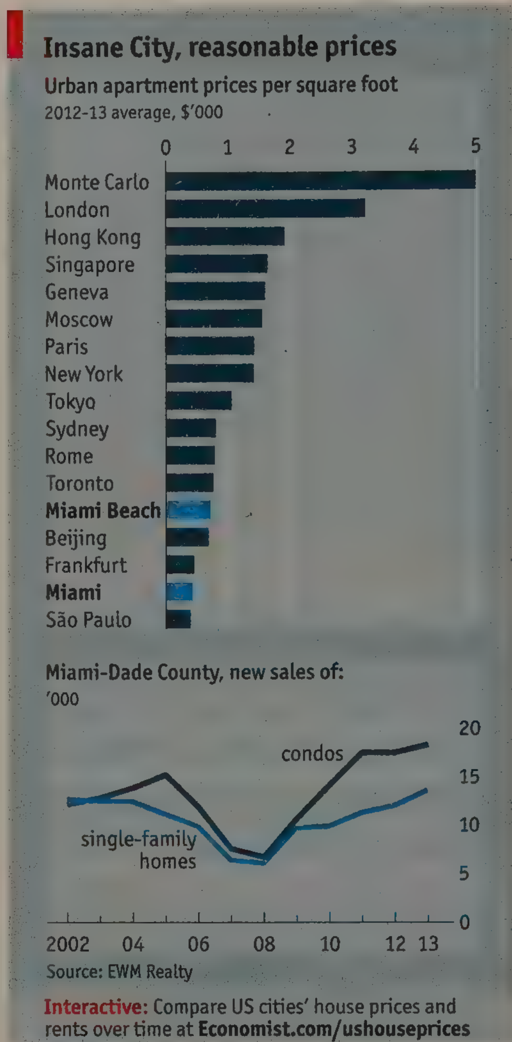
Another attraction is the 40% rise in Miami condo rents since 2009, buoying the income of owners who choose not to live in the tropical hurly-burly that Dave Barry,

a local author, calls "Insane City". Brokers report increased business from Eastern Europe and the Middle East (Qatar Airways will fly direct to Miami from June), and an uptick in inquiries from Chinese buyers.

Is another bubble forming already? Developers say this time is different, and in some ways it is. In a few years Miami has gone from the most- to the least-leveraged property market in America. Buyers of new condos typically have to put 50% down, half of that before building starts. Banks are loth to extend construction loans unless 60-75% of the units are already sold. In both residential and commercial projects, they require developers to put in much more equity than before. Mr Rosso says Related now puts in three times as much, which limits its ambition. The firm now has 2,000 condos in the works, a tenth of what it was building in 2007.

Still, a supply glut is possible. With developers gung-ho again, around 50 towers are under construction or planned in downtown Miami (including the Porsche Design Tower, whose well-heeled inhabitants will be able to take their cars up to the level on which they live in a special lift—this is useful if you really love your car). More were added last month when Oleg Baybakov, a Russian mining-to-property oligarch, bought a trio of condo-development sites for $30m, more than triple their assessed market value in 2013.

Miami's developers are adept at using "smoke and mirrors" to hide the true number of pre-sold units, says Peter Zalewski of Condo Vultures, a property-intelligence firm. Some see the first signs of trouble. The stock of unsold condos and houses has crept up slightly since last summer. A local broker says that Blackstone, a private-equity firm with a taste for bricks and mortar, bought $120m of properties with his firm's help in 2013 but "won't do anything like that this year". Mr Zalewski says banks are competing harder to finance certain projects, but this may not be a sign of unadulterated bullishness. They may simply be betting that many of the 134 towers proposed but not yet under construction in South Florida won't get built—meaning the 57 that have already broken ground will do better than forecast.



Much will depend on whether Latin Americans remain addicted to Miami property and, should their ardour cool, whether Americans and others would take up the slack. Few domestic buyers are comfortable putting 50% down, especially when most of it is at risk if the project fails. One or two developers have begun to accept 30% down, a possible sign of increased reliance on home-grown buyers.

The market should get a fillip from the current and planned redevelopment of several chunks of downtown Miami. One of the most ambitious projects is Miami Worldcenter, a 30-acre retail, hotel and convention-centre complex that will feature Bloomingdale's, Macy's and a giant Marriott hotel. A science museum will soon join the art museum.

These projects build on progress made over the past decade towards becoming a world-class city, from the opening of dozens of top-notch restaurants to Art Basel picking Miami as one of the three venues for its shows ("the Super Bowl of the Art World", as Tom Wolfe called it in his Miami novel, "Back to Blood"). Tourism is at record levels. Miami is the only American city besides New York in the top ten of Knight Frank's 2014 global-cities index, which ranks cities by their attractiveness to the ultra-wealthy. (It comes seventh, ahead of Paris.) Property is still far cheaper than in most other cities on the list (see chart).

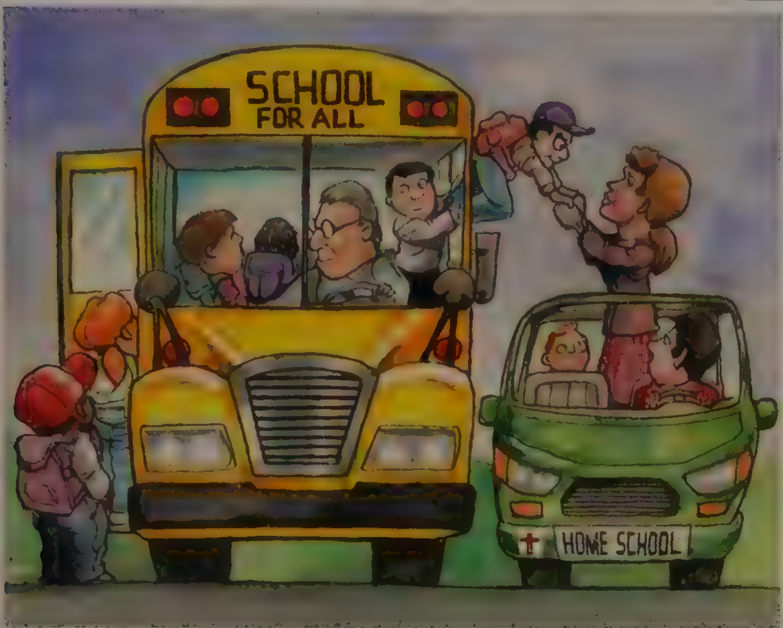
Miami's Downtown Development Authority (DDA) is dangling the city's low taxes and lovely weather in front of companies to persuade them to move there. This is starting to bear fruit, especially in finance: Universa, a $6 billion hedge fund in California, recently agreed to relocate, following part of Eddie Lampert's ESL. SABMiller, a giant brewer, has moved its Latin American head office from Colombia..

"I lived a long time in New York, but here [in Miami] it's easier to make something from nothing," enthuses Nitin Motwani, a DDA board member, who talks of the city's skyline one day resembling Manhattan's. Mr Zalewski is more cautious. Miami's property market is "a great game", he says, but "all it would take to send a chill through the entire market is one big project to go sideways." Developers who joke about Viagra should keep some aspirin within reach, just in case. ■

A mirror of prosperity

Lexington | The home-school conundrum

Meeting the German Christians who claimed asylum in America



IN THESE first days of spring a mood of relief fills Morristown, Tennessee, near the foot of the Great Smoky Mountains. After a harsh winter, clouds of white pear-blossom once more soften the hillsides around town. The air rings with children's happy cries and the buzz of garden tools. Still more cheeringly, city burghers—led by the mayor, a local state lawmaker and the head of the largest church—no longer face mass arrest, a risk they incurred by vowing to hide a family of asylum-seeking Christian home-schoolers rather than see them deported back to Germany.

Civil disobedience does not come easily to Morristown, a conservative spot of almost 30,000 souls. Yet city fathers swore to endure jail time, if necessary, to shield Uwe Romeike, his wife Hannelore and their seven children, from federal agents with orders to expel them from Morristown, where they have lived since fleeing Baden-Württemberg in 2008. A stand-off seemed likely when, on March 3rd, the Supreme Court declined to hear a final appeal against the Romeikes' expulsion, handing victory to the American government, which had always rejected the family's claims to be refugees from religious and social persecution. However, a day later federal officials put the family's deportation on indefinite hold—thereby allowing them to stay without setting a legal precedent (and without insulting Germany, a close ally).

German laws forbid parents from educating their children at home in almost all cases, citing society's interest in avoiding closed-off "parallel societies". Germany's highest court calls schools the best place to bring together children of different beliefs and values, in the name of "lived tolerance". In plainer language, the Romeikes believe that, if they return to Germany, their children face being taken to school by force. This happened in 2006: the youngsters wept as they were driven away in a police van. (On the next school morning supporters showed up and officers backed off.) Worse, their children might be taken into care—this is the family's greatest fear, prompting their flight from Germany. As the Romeikes scanned the globe for options, the Home School Legal Defence Association, a Virginia-based group, urged them to apply for asylum in America. The hope was to cause a fuss in the press, says an HSLDA lawyer, Michael Donnelly, and to "fuel the flame of liberty in Germany".

In America, home-schooling has been legal in all 50 states for more than a generation. About 2m children are home-schooled. Many but not all are Christians whose parents want to shield them from the wickedness taught at Godless public schools. Mr Romeike, a music teacher, works as the pianist at the First Baptist Church in Morristown, which attracts 1,300 worshippers on a Sunday and boasts its own TV station. The church hosts weekly gatherings for 60 home-schooled families, among them the Romeikes. The children meet friends, play sports and take classes (taught by parents) in everything from science to quilting.

The Romeikes' case has fired up social conservatives across America. Their church belongs to the Southern Baptist Convention, whose spokesman suggested in March that the Romeikes were unwelcome in Barack Obama's America because, as a heterosexual married Christian couple with well-grounded children, they represented "the antithesis of this administration's political agenda". Morristown's mayor, Danny Thomas, does not go that far. But he says that locals were deeply upset that the Romeikes were initially granted asylum by a federal immigration judge, only for the government to challenge that ruling. A dapper retired businessman, Mr Thomas was ready to harbour the Romeikes in "some place where they couldn't be taken". He is not surprised that home-schooling is on the rise. Christians feel increasingly persecuted, he avers, and it would be hard to find anyone in Morristown who does not believe that "God is being pushed out" of the public sphere. Others call the Romeikes model migrants. Some people come to Morristown "illegally", says Dean Haun, senior pastor at First Baptist, but the Romeikes did everything by the rules. "They are not on welfare, they're not asking for handouts. They're hard-working."

Tilman Goins, a Republican who represents Morristown in Tennessee's House of Representatives, recently condemned Germany's home-school laws as "promulgated under Adolf Hitler in 1938". Mr Goins was being obtuse. If there is a link between Germany's home-schooling policy and Nazism, it is that history helps explain German angst about fringe groups with passionate views that reject the liberal consensus.

Father Knows Best v Father State

Many conservative Christians want to portray the Romeikes as religious martyrs. Yet relating his saga in his hilltop home, flanked by a child's swing and wide, sloping lawns, Mr Romeike mostly describes a sad story of mutual incomprehension, made worse by official bossiness. His countrymen are suspicious because they do not know much about home-schooling, he suggests. It is "the German mentality: things have to be a certain way." Piety puzzles them too. "If you believe the Bible you are kind of from the Middle Ages." Mr Romeike has old-fashioned views, grumbling about German schoolbooks "ridiculing" parents and teachers, for instance. He takes a sternly Biblical line on Creation and homosexuality. But strikingly, he says his children might never have been home-schooled if the two eldest had not been bullied at primary school. Stones were thrown at them. His daughter saw a child's trousers pulled down. Their headmaster retorted that his school was "peaceful". Years of legal battles ensued.

At root, theirs is a story about trust in the individual and the role of the state, revealing wide transatlantic differences. Americans assume that most parents try to do what is best for their children. That can be an uncomfortable principle (there are some daft parents, among them Lexington on a bad day). But the alternative—the presumption that the state knows best—is worse. ■

Also in this section

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Investment in Cuba

Strait talk

MIAMI

As Cuba eases investment rules, many Cuban-Americans turn against the embargo

AT THE outset of Tom Wolfe's latest novel, "Back to Blood", the muscled hero, a 25-year-old Cuban-American cop called Nestor Camacho, seethes when his fat and disdainful *Americano* (Anglo) colleagues stereotype him as a Cuban. He has never set eyes on the island, he says. His Spanish is poor. At home, his parents' hatred of Fidel Castro flies over his head. His world revolves around Miami, not Cuba.

Unsurprisingly, the book is not universally liked in Miami (it skewers everyone, from Anglos to Cubans to Haitians to Russians). But in at least one respect it is spot on. Younger Cuban-Americans are less obsessed with Cuba than their exiled elders. Like other Americans, pollsters say, they now think more pragmatically; Cuba is not the only voting issue that they care about.

In fact, they are more likely to be pouring money into Cuba than shunning it. Remittances, as well as travel, have risen since President Barack Obama eased restrictions in 2009 and 2011 (see chart). Much of the money has found its way into restaurants (known as *paladares*), hairdressers or other small businesses run by relatives in Cuba. That has given Cuban-Americans an increasing, albeit hidden, stake in the island's economic future.

The laws of both the United States and Cuba have forbidden such money to be treated as investment. But on March 29th Cuba's parliament approved a new foreign-investment law that for the first time allows Cubans living abroad to invest in some enterprises (provided, according to Rodrigo Malmierca, the foreign-trade minister, they are not part of the "Miami terrorist mafia"). The aim is to raise foreign investment in Cuba to about $2.5 billion a year; currently Cuban economists say the stock is $5 billion at most.

The law, which updates a faulty 1995 one, is still patchy, says Pavel Vidal, a Cuban economist living in Colombia. It offers generous tax breaks of eight years for new investments. However, it requires employers to hire workers via state employment agencies that charge (and keep) hard currency, vastly inflating the cost of labour. It enhances the right to establish fully owned foreign businesses, although existing private firms, such as *paladares*, are still forbidden from taking foreign capital. Much, including whether or not Cuban-Americans can invest, will depend on how the government implements the law. "It's still very discretionary," Mr Vidal says.

More money needed

Cuba

Sources: The Havana Consulting Group; Economist Intelligence Unit

Despite their failings, Cuba's new rules are a reminder of how inflexible United States law remains. Because of the 53-year-old embargo against Cuba, some Cuban-Americans fear they will be left behind as investors from Brazil, China, Russia and Europe move in. Already Tampa, on Florida's west coast, is vying for a greater share of Cuban business when the embargo is lifted. "Every day we're missing opportunity," says Bob Rohrlack, head of the Greater Tampa Chamber of Commerce.

In Miami people talk of a tipping point. Alberto Ibargüen, a former publisher of the *Miami Herald*, says demographic trends that began decades ago have finally softened the mood towards Cuba (though "absolutely not" towards the Castro regime). If American restrictions on all tourism to the island were lifted, "you'd get a couple of letters to the editor."

Some Miami Cubans have managed to squeeze through cracks in the embargo. Hugo Cancio, who left the island in the Mariel boatlift of 1980, owns a website and magazine, *OnCuba*, written mostly by Cubans, which plays down repressiveness and plays up commerce and culture. He has a newsroom in Havana but despite his entreaties, American law forbids him from paying its staff. Tony Zamora, a semi-retired Miami lawyer who was jailed in Cuba for taking part in the 1961 Bay of Pigs invasion, has also recast himself as a promoter of investment in the island. After 40 trips to Cuba, he calls the embargo "almost ▸▸

a total failure".

Many Cuban-Americans put their faith in Mr Obama to soften the embargo, even if Congress will not lift it. They note that more than 60% of Miami-Dade County, where they predominate, voted for the president in 2012, many more than in the previous election, even after he eased policy towards Cuba. If Charlie Crist, a Republican-turned-Democrat who is running for a second turn as Florida governor and supports lifting the embargo, wins in November, it will help their cause.

Even so, the old guard cares more about keeping the embargo than younger Cuban-Americans do about getting rid of it. Most Cuban-American congressmen in Washington, DC, remain avid backers of it. Mauricio Claver-Carone, who heads a pro-embargo lobby group, argues that all foreign investment still goes to monopolies run by the Castro regime, which helps prop it up. The stakes have been raised by the jailing of Alan Gross, an American citizen convicted in Cuba of smuggling communications equipment to dissidents. Few believe the Obama administration would risk a bold move without his release.

The embargo's days are nonetheless numbered, not least because Raúl Castro, the 82-year-old president, and his brother Fidel, 87, will not live for ever. In the meantime, it increasingly seems like a relic, as outdated as the Castros' Cuba. ■

Elections in Quebec

The s-word

OTTAWA

The ruling PQ has badly misjudged Quebeckers' appetite for sovereignty

WHEN Pierre Karl Péladeau (pictured) raised a clenched fist in the air on March 9th and declared he wanted Quebec to be an independent country, Quebeckers took notice. Unfortunately for the ruling Parti Québécois (PQ), for whom the multimillionaire media baron is a star candidate in the April 7th election, it was the wrong kind of attention. Independence, or sovereignty as the PQ likes to call it, might be the party's *raison d'être* but the majority of Quebeckers do not want another divisive referendum after failed votes in 1980 and 1995. The PQ was slightly ahead of the second-place Liberals when Mr Péladeau's candidacy was unveiled. It has been sliding downward ever since.

Why Pauline Marois, who is trying to turn the PQ minority government of September 2012 into a majority, did not see this coming is a bit of a mystery. Until Mr Péladeau thrust independence to the forefront, Ms Marois assiduously avoided talk of a referendum, preferring to focus on a proposed secular charter that would prohibit civil servants from wearing overt religious symbols such as a hijab or turban. Opponents expected the separatist party would tap the latent xenophobia of rural and elderly Francophone voters in order to secure a majority, and then pick fights with the federal government to bolster separatist feeling before calling a referendum.

That option no longer looks possible. Polls indicate the federalist Parti Libéral, led by Philippe Couillard, is most likely to form the next Quebec government. A hint of panic has crept into the PQ's attempts to redirect public attention away from talk of independence. The PQ has claimed that foreign students attending Quebec universities were registering to vote in order to steal the election. Electoral authorities investigated and found the claims to be groundless. Another scare story, told at a PQ event attended by Ms Marois, about the threat of Muslims commandeering an apartment swimming pool in Montreal and preventing elderly women from doing aquafit exercises, provoked accusations of xenophobia from Mr Couillard.

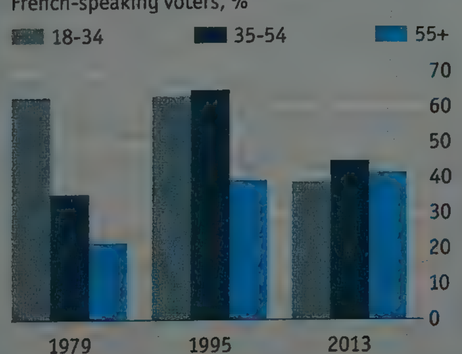
After making a splash at his debut, Mr Péladeau has retreated to the background, although not before a second incident where Ms Marois was seen physically shoving him away from a microphone. She must wish she had done that sooner.

Even if the PQ were to squeak in, the campaign has shown how foolhardy the party would be quickly to push for independence. The problem for the PQ is that biding its time is not much of a strategy either. Young Francophones used to be the bedrock of support for the separatist cause, but now sovereignty appeals largely to ageing baby-boomers (see chart).

Claire Durand, a sociologist at the University of Montreal, speculates that the sovereignty issue has been defused for younger Francophone voters because of measures taken by successive governments to boost protection of the French language at school and in the workplace, and to acquire more control over the economy and immigration. Maurice Pinard of McGill University, who conducted the first poll on support for sovereignty in Quebec in the early 1960s, sees separatism as a social movement taken up by one generation and dropped by the next. If so, the question for the PQ is what it really stands for. ■

Putting his fist in it

Support for Quebec sovereignty among French-speaking voters, %



Source: Claire Durand, University of Montreal

Scandal in Mexico

A trashy tale

MEXICO CITY

Sex, politics and a headache for the PRI

IT DIDN'T take long for Mexico's ruling Institutional Revolutionary Party (PRI) to react to the seriousness of the sex scandal erupting around it on April 2nd. Just hours after Cuauhtémoc Gutiérrez de la Torre, the party's president in Mexico City, publicly denied a report that he kept a network of prostitutes on the party payroll for his personal use, the PRI put him on leave and called for a police investigation.

The story by MVS News, one of Mexico's most influential radio programmes, is colourful and the allegations it makes are potentially very sordid. Mr Gutiérrez, as heavy-set as an ox, comes from a family that made a fortune on Mexico City's rubbish tips. His murdered father (a former PRI stalwart) was known as the "King of Rubbish". Heading the PRI in Mexico City is the highest office he has held, although the party has not ruled there since 1997. His office issued a statement saying the MVS re- ▸▸

port was "deceitful, ill-intentioned and slanderous" and that Mr Gutiérrez himself wanted an investigation.

According to MVS, the women at the heart of its report are known as *edecanes*, or hostesses. In their short skirts and high heels, they are a common feature of political and business gatherings in Mexico. Mostly their job is to hand out brochures or accompany people to their seats.

MVS said that after a tip-off, a female reporter answered an advertisement for a hostess job in Mr Gutiérrez's office at PRI headquarters in Mexico City. It aired what it said were secretly taped recordings in which a woman it claims worked for Mr Gutiérrez can be heard telling the undercover reporter the job requires her to provide sex—"oral or vaginal"—when her boss asks for it, as well as more normal hostess duties. The tape recordings include discussion of salary—11,000 pesos ($850) a month, tax-free, plus tips—and the reporter is told she will be on the PRI's payroll. "It's absolute discretion, because obviously he protects his image," the female voice tells the reporter.

Speaking on air to MVS News, Mr Gutiérrez described the report as "false as all falseness" and said there were no hostesses on the PRI payroll. He was not asked whether the woman on the tape was his employee.

The scandal immediately lit up the airwaves and social-media sites. It puts the PRI in an awkward spot. The party, which ruled Mexico for much of the 20th century, often according to rules it set for itself, returned to power nationwide in 2012 with the election of President Enrique Peña Nieto. It is keen to put its sleazy past behind it. But given the murky relationship between politics and justice in Mexico, investigations often lack credibility. People believe what they choose. ■

Bello | A political FUTbol

Michelle Bachelet's struggle to combine equity and growth in Chile

"CHILE has only one great enemy and it's called inequality," declared Michelle Bachelet on March 11th as she returned to La Moneda, the presidential palace, just four years after leaving it. Following an interlude of rule by the centre-right, Ms Bachelet won by a landslide in last year's presidential election on the most left-wing programme the country has seen since the ill-fated Marxist government of Salvador Allende more than 40 years ago. She argued that for all Chile's economic success of the past three decades, unless the state intervenes to foster a fairer and better-educated society, the country will moulder in what economists call "the middle-income trap", never making the leap to developed status.

Her campaign platform contained three big proposals. The first was an education reform inspired by the notion that the state should offer free and equal education to all. Second was a new constitution to replace the existing one, which, though much amended, dates back to the dictatorship of General Pinochet. And the third proposal was a tax reform aimed both at raising revenue to pay for the education reform and at making the tax system fairer.

Ms Bachelet is no mad populist. Chile is not Venezuela, nor even Argentina. In the humdrum reality of a Latin American liberal democracy, achieving the magical combination of greater fairness and greater prosperity means marrying political imperatives with complex technicalities.

The first test will be the tax-reform bill, which the president sent to Congress this week. It aims to raise an extra $8.2 billion (or almost 3% of GDP). It contains some sensible measures, including fuel taxes and one on sugary drinks. It proposes a gradual rise in corporate-income tax from 20% to 25% and a corresponding reduction in the top rate of personal-income tax from 40% to 35%. Chile has an integrated tax system in which shareholders receive a credit for corporate-tax payments; aligning the two rates more closely is intended to discourage individuals from setting up shell companies.

The bill also abolishes a mechanism known as the Taxable Profits Fund (FUT), under which shareholders do not pay tax on reinvested company profits. The FUT's detractors complain, correctly, that the system has been abused, via corporate credit cards and shell companies in tax havens, to allow the rich to evade taxes on profits that have actually been used for personal consumption—the skiing holidays and Ferraris of urban legend in Santiago. But the FUT's defenders point out, equally correctly, that the system has been a key factor behind Chile's investment-led economic growth.

As compensation for abolishing the FUT, the bill allows instant depreciation of machinery and equipment. That may help miners and manufacturers, but not service businesses. Unless it is amended, the bill is likely to have two bad outcomes. Retained earnings are a big source of financing for corporate investment in Chile: companies may now have to rely on more borrowing, which for small firms costs up to 15% a year. Second, shareholders will now be taxed on profits they do not receive as dividends.

It would be remarkable if the tax changes did not prompt some reduction in investment and share prices. The fact that the bill envisages ending the FUT only in 2018 suggests Ms Bachelet's economic team realises this. To make matters worse, Chile's economy is now slowing sharply in tandem with a falling copper price (this week's offshore earthquake, which killed at least six people, seems to have spared local mines). More government spending could give the economy a boost, but not if it comes at the expense of private investment.

The new government could have chosen to close the loopholes in the FUT, rather than abolish it. That it didn't says much about the way politics is now conducted in Ms Bachelet's coalition, whose main parties governed Chile from 1990 to 2010. Abolishing the FUT was proposed by a rival of Ms Bachelet's in last year's coalition primary election, and the policy was instantly adopted by all the parties in the grouping. In the past party leaders would have heeded their technical experts on such matters. In Chile's more populist political climate, that is no longer so.

The tax reform is simple compared with the government's plans for education. As for the task of replacing the constitution, no wonder the president has kicked this issue forward until later in the year. Ms Bachelet is right that Chile is in many ways an unfair country that needs to change. But she will need all her considerable political skills if she is not to sacrifice sound public policy on the altar of populism.

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Indonesia's elections

Democracy's big bang

JAKARTA

A parliamentary poll next week has much bearing on the presidential one in July

AS ORGANISED human efforts go, it is a big one. Nearly 190m Indonesians out of a population of about 250m are eligible to go to the polls on April 9th to elect a new parliament. The election commission has printed 775m ballot papers and shipped them to 550,000 polling stations scattered across the sprawling archipelago's 900-odd settled islands. It is the fourth election since protesters, led by students, ousted Suharto, Indonesia's long-ruling dictator, in 1998.

At stake are 560 seats in the House of Representatives or DPR, the lower house, along with 132 seats in the upper house. In addition, under Indonesia's highly decentralised system of government since Suharto, voters will be electing 2,112 assemblymen in 33 provinces and almost 17,000 legislators at the district level. But in truth, for all the gargantuan nature of the undertaking, all eyes will be on just one result: how well the main opposition party, the Indonesian Democratic Party of Struggle (PDI-P), does in parliament.

For it is the parliamentary polls that decide who may be nominated in the presidential election to be held on July 9th. Last month the PDI-P's matriarchal head, Megawati Sukarnoputri, daughter of Indonesia's first president and herself president over a decade ago, stood aside, anointing the capital's popular governor, Joko Widodo, as her party's chosen candidate for president.

According to all the opinion polls, Jokowi, as he is widely known, has a seemingly unassailable lead over all the other likely candidates to succeed Susilo Bambang Yudhoyono, who is coming to the end of his second and final term. But before it may enter Jokowi in the presidential race, the PDI-P must secure 25% of the popular vote in the legislative elections, or 20% of the seats in the DPR. Should the party fail to reach the nominating thresholds, it will have to strike an alliance with at least one other party, and perhaps give up the chance to choose Jokowi's running-mate for vice-president.

Such coalitions are commonplace in Indonesian politics, but the PDI-P hopes that Jokowi's popularity will help push the party over the thresholds. According to an opinion poll published this month by the Centre for Strategic and International Studies, a Jakarta think-tank, 20.1% of those surveyed would put their mark beside the PDI-P's fiery-eyed buffalo. Suharto's old party, Golkar, had the support of 15.8% of respondents, while 11.3% say they would vote for Gerindra, led by a former special-forces general, Prabowo Subianto.

Mr Yudhoyono's own Democrat Party is likely to be the biggest loser on April 9th. It won 21% of the vote at the 2009 election but now enjoys only single-digit support. This reflects widespread disenchantment with the corruption scandals and the drift in Mr Yudhoyono's government.

There have been moments of colour during the campaigning. At a military-themed spectacle inside Jakarta's main stadium, Mr Prabowo rode on a bay steed and blustered against those who would sell the country to foreigners. In eastern Java, at a rally organised by a small Islamic party, a hip-swinging performance by a 67-year-old crooner of *dangdut* songs, Rhoma Irama, reportedly caused 14 women to swoon. Many parties have enlisted the support of soap-opera stars, swimsuit models and similar attractions to tickle voters' interest.

Behind the razzmatazz of the election, a bit more is at stake than how well Jokowi's party fares. The lower house is not the rubber-stamp institution it was under Suharto. Indonesia's next president will have to work with it, not least to pass a $160 billion-odd budget. And lately it has got pushier, says Douglas Ramage of Bower Group Asia, a consulting firm. In February it passed a law giving itself power to veto trade treaties, for example. It often gets its way over the executive, most recently in relation to mineral exports.

Whatever the outcome on April 9th, Indonesia's parliamentary parties are not going to propose wildly different policies on tax, welfare or indeed any of the issues that define parties in Western democracies. In Indonesia they command a broad cross- ▸▸

party consensus. Some observers see the parties merely as political vehicles for individual politicians and their families, but Marcus Mietzner of the Australian National University points to parties' distinctive cultural and political identities. Indonesia is the world's most populous Muslim-majority country, and as soon as parliamentary debates touch on things like *sharia* law or religious minorities party differences start to count.

This year will be the last in which the parliamentary and presidential elections are held on different days. Indonesia's constitutional court has ruled that holding the presidential election three months after the parliamentary one encourages horse-trading in ways that undermine the checks and balances of democracy. It decided that both elections should be held on the same day, though not until 2019. That will be an even bigger bang. ■

Filthy India

Mucking it up

DELHI

The capital's battle with rubbish shows the recalcitrance of the informal economy

THE view from Rajat Chaurasia's place of work is spectacular. A steaming mountain of rubbish, it rises 30 metres (about 100 feet) above the Okhla industrial district, providing a view over much of south Delhi. With rats, kites and, during the monsoon, clouds for company, Mr Chaurasia spends days and nights there, salvaging scraps of plastic and metal from the detritus of India's capital.

He is one of around 200 ragpickers working the Okhla dump, one of India's biggest, with around 7m tonnes of rubbish. Most of them live at the foot of the mountain, in a shanty of iron and plastic. They scavenge for about ten hours a shift—enough, says Mr Chaurasia, a 19-year-old with a decade of experience on the dump, to earn 40-100 rupees (67 cents-$1.67). It is a traditional system—the ragpickers are *Dalits*, members of Hinduism's ancestral underclass—but it has helped assure India of one of the world's highest rates of recycling: anything from 50-90% of the waste stream. Still, it is inefficient. Indian streets are filthy and landfills a health hazard. And for the ragpickers the work is wretched.

Wading through rubbish gives the pickers skin diseases and infections. Methane emitted by the dump makes them nauseous. A decade ago, people say, when the dump was more unstable than it is today, several ragpickers were buried alive. Officials from the Delhi government, which runs the dump, are a more quotidian peril, shaking the ragpickers down for five or ten rupees a time. "NGOs are always coming here and expressing concern, but this is how we earn our living," Mr Chaurasia shrugs. "Nothing changes in India."

It is easy to see how he would think that. Solid-waste management is the responsibility of India's municipal governments, yet with few exceptions they discharge it execrably. The World Bank blames apathy, ignorance and a lack of money for this failure. It could add Hindu tradition and an inexhaustible supply of destitute ragpickers, 100,000 in Delhi alone.

Some fast-growing cities have attempted to clean up the mess. Ahead of the 2010 Commonwealth games in Delhi, private waste-management firms were made responsible for half the city's dozen zones. The government also announced plans to integrate the ragpickers into the formal waste system, by giving out protective clothing and training. To ease the pressure on the capital's three main landfill sites, including Okhla, all of which are hopelessly overfilled, the government established two composting plants and a waste-to-energy power station, able to consume around 1,900 tonnes of rubbish a day. At the time, this looked like a striking turnaround. Yet outside Delhi's rich suburbs, where local residents' associations have taken matters into their own hands, the city is not obviously cleaner.

Perhaps that is not surprising. Greater prosperity generates more rubbish, and in Delhi, one of India's richest places, non-industrial waste has grown by nearly a third in a decade. It appears too much for several of the private contractors to cope with. Meanwhile, Delhi's shortage of landfill capacity is becoming an emergency.

The city government's efforts to secure new sites have been blighted by myriad legal challenges, from irate local residents and champions of ragpickers, to the unhelpfulness of neighbouring states. After over a decade of looking, it has secured a single site, in western Delhi. This is bad news for the capital, and India's 7,000-odd other towns and cities are likely to fare worse. Only those in relatively well-managed Gujarat—where an outbreak of pneumonic plague in 1994 spurred a major clean-up—are getting much better.

What will turn back the muck? The usual hope is that middle-class taxpayers will, after the fashion of Delhi's residents' associations, demand more hygienic streets from increasingly capable governments. Yet it will take a while—not least because of India's enormous supply of ragpickers and paucity of alternative livelihoods for them.

Wherever ragpickers have been retrained for the formal economy, says Suneel Pandey of the Energy and Resources Institute in Delhi, a horde of replacements emerge from the countryside to replace them on the dumps. Mr Pandey has first-hand experience of their tenacity. A research project he was running to measure methane emissions from the Okhla dump became a battle with ragpickers who stole the plastic pipes he sank into it. The guards Mr Pandey installed to protect the pipes were stabbed. Peace of sorts broke out only after one of his boreholes caught fire—allowing guards and ragpickers alike to boil their tea over it. If India's informal sector is unproductive, it is also ingenious. ■

Migrants and Milvus migrans: supreme scavengers

Japanese whaling

Harpooned

TOKYO

At last, it looks like curtains for the country's "scientific" slaughter

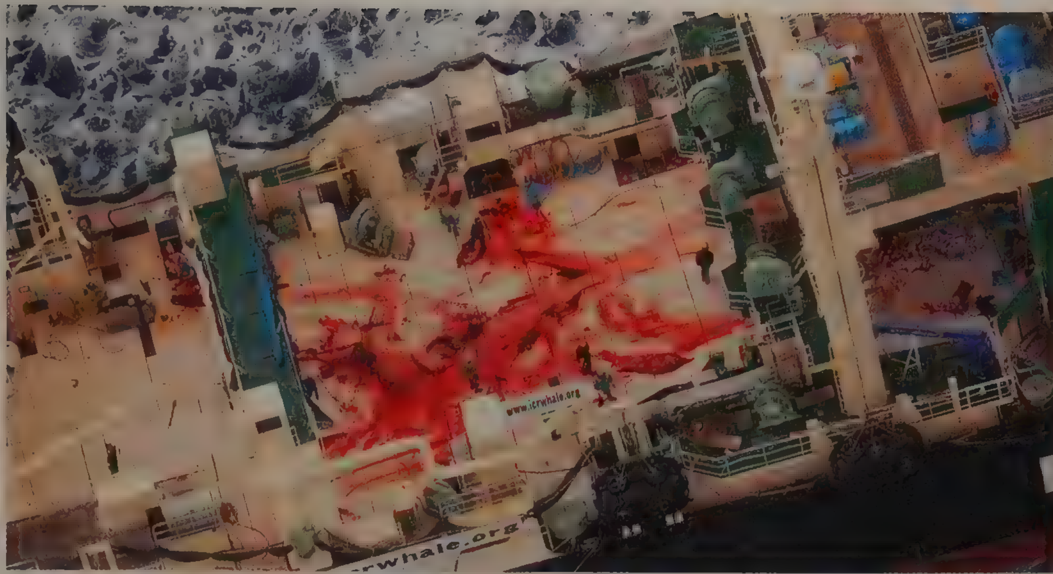
IN ONE of Tokyo's oldest whale restaurants, Kujiraya, the whiff of resentment lingers along with the cloying smell of fried whale meat as customers digest unwelcome news from The Hague. On April 1st the International Court of Justice legally skewered Japan's "scientific" whale hunts to the Antarctic Ocean. The hunt is partly paid for by the sale of meat to high-end restaurants such as this one, which is why opponents brand it as illegal commercial whaling in disguise.

To the surprise of Japan's small band of whale-meat lovers, the court agreed. Twelve of its 16 judges sided with Australia, which brought the case, saying that Japan had no scientific reason to cull about 1,000 Antarctic whales each year. The court noted that the research had produced just two peer-edited papers in a decade, in effect tugging away the figleaf used to keep Japan's whaling programme alive since the international moratorium in 1986 which ended commercial hunts.

The government has long argued that whaling is an ancient Japanese tradition. Maintaining the argument has been costly. A report by the International Fund for Animal Welfare says Japan has in effect nationalised its whaling programme, subsidising it to the tune of $400m since 1988. Ever fewer Japanese eat whale meat. For the middle-aged diners, a visit to Kujiraya is an expensive culinary trip down memory lane (industrial whaling expanded after 1945, when a ravaged country was desperate for fresh sources of protein). Over 5,000 tonnes now sits unsold in deep freezes.

The Hague decision comes at a key moment. Rising oil prices and extra security to protect the whaling fleet from attacks by militant environmentalists have pushed the cost of each annual Antarctic cull to over $10m, says Atsushi Ishii, an expert on Japan's environmental politics. The whaling industry is so desperate for funds—and so politically connected—that it managed to claim $28m from tsunami relief funds in 2011, causing an international outcry. The whaling fleet badly needs a new mother ship, at a cost that would spark a domestic debate about the point of the campaign.

A spokesman for the fisheries agency says Japan will abide by the decision but continue "scientific" whaling in the western North Pacific, a cull that yields about half that of the Antarctic catch. That will almost certainly trigger another legal challenge. And scaling down the size of Japan's scientific study to meet the court's new legal requirements could mean a cull of barely ten whales—hardly worthwhile.



Bad science

Japan has another option. It could follow Norway (which taught Japan industrial whaling a century ago) and Iceland by ignoring demands to stop killing whales. But unlike those countries, Japan withdrew its objection to the 1986 moratorium. Snubbing it now would also mean flouting several international sea treaties, with diplomatic consequences. Japan seems to have swallowed this week's lump of news and will keep its fleet at home. ■

Gays in Central Asia

Criminal relations

BISHKEK

Rulers take a page out of Russia's intolerant playbook

CENTRAL ASIA's republics are no bastions of tolerance. But now even the most liberal of the region's countries is moving to restrict gay life. Rulers in these ex-Soviet states seem to be inspired by Russia's growing anti-Westernism.

Kyrgyzstan is considered the region's most open and democratic country, despite grinding poverty and recent experience of revolutions and pogroms. Yet a bill introduced into the legislature on March 26th proposes jailing anyone who spreads information about gay rights. The bill is a stricter version of Russia's recent ban on gay "propaganda". It must now pass several readings before going to the pro-Russian president. There have been calls for similar legislation in next-door Kazakhstan, where a deputy from the ruling Nur Otan party said last year that gays should be considered "criminals against humanity".

Civil-society activists in Bishkek, Kyrgyzstan's capital, fear that Russia, still the dominant economic force in the region, is pushing an anti-liberal ideology on its neighbours. But Russia may have simply provided a legislative model to reinforce existing conservative attitudes. Either way, with Russian media dominating Central Asians' television screens, gay, bisexual and transgender rights have become synonymous with a degenerate West. At a recent anti-gay rally outside the American embassy in Bishkek, angry young men burned a picture of a young blogger, equating his support for the pro-European movement in Ukraine with gay rights.

Exaggerating malign Western forces helps the Kremlin concoct enemies and distract from domestic problems. In Kyrgyzstan lawmakers are doing the same. While ignoring failing schools, corruption and poverty, some have pushed for anti-NGO legislation almost identical to a Russian law that labels not-for-profit organisations underwritten by Western money as "foreign agents".

Homophobia runs deep across Muslim Central Asia. In Turkmenistan gay sex earns up to five years in a labour camp (going up to 20 years for repeat offenders). In Uzbekistan the sentence is three years in jails rife with tuberculosis. In all five Central Asian republics, anti-gay attacks go unpunished.

Challenges to homophobia are seen as Western meddling. In January Human Rights Watch, an NGO, detailed how Kyrgyzstani police use violence and blackmail to extort money from gay men. In response, the country's chief Muslim cleric issued a *fatwa* condemning same-sex relations as well as groups, such as NGOs, that "disseminate social discord".

Banyan | Don't count on it

Myanmar's course is leading in the wrong direction

ONE of the world's good-news stories, Myanmar is known as an uplifting saga of the transformation of a poverty-stricken military dictatorship into a liberal democracy with a fast-emerging economy. Of late, however, it is drawing some ugly headlines. The immediate cause is an ill-conceived census, counting for which began on March 30th. It threatens potentially disastrous consequences for communal relations in a country of bewildering ethnic diversity. The more fundamental worry, ahead of a pivotal election next year, is whether the army really intends to cede power. A remarkable revolution, with no bloodshed and no losers, is beginning to look less like a revolution at all.

In principle nothing is wrong with a census. Myanmar has not had one since 1983, so estimates of the population (rough guess: 60m) are based on projections. It makes a nonsense of government planning. But the census's 41 questions stray far beyond the basics of name, age and occupation into the minefield of ethnicity. On the face of it, that is also reasonable. A common assumption is that the largest ethnic group, the Burmans, make up about 60% of the population. But Aung San Suu Kyi, the leader of the opposition, has suggested that the minorities make up 60%. The many conflicts between the government and the various ethnic groups in the border areas pose perhaps the biggest threat to Myanmar's future peace and stability. Numbers would be handy.

The trouble is that the census uses an eccentric list of 135 recognised nationalities, inherited from the British colonialists and incorporated into a 1982 citizenship law. Of its many inaccurate or debatable features, the most egregious is the exclusion of a group known as the Rohingyas—of whom Myanmar has about 1m. Muslims of South Asian descent, Rohingyas live mostly in the western state of Rakhine (once Arakan), which borders Bangladesh. Most are stateless, regarded by the authorities as illegal Bengali immigrants. Yet many have been in Rakhine for generations. Even Miss Suu Kyi has failed to back their right to citizenship, denting her moral stature overseas. Repeated bouts of murderous violence between them and the Buddhist, ethnic-Rakhine, majority in the state have left tens of thousands, mostly Rohingyas, in crowded camps, and much of the state under a form of apartheid. Shopkeepers who sell to Rohingyas risk reprisals.

Rohingyas were assured that they could identify themselves as such in the census, by telling the census-taker to write it in. Predictably, this prompted a backlash from the Rakhines, who believed that the Rohingyas' unwelcome presence would become permanent and worried about a new influx from Bangladesh. The tension has even led to attacks on foreign and local NGOs working with the Rohingyas. Late last month nearly 700 aid workers had to be evacuated from Rakhine. The NGOs now worry about how the Rohingyas in camps will be kept supplied.

In response to pressure from Rakhines, the government has backtracked on commitments to the census's foreign sponsors—the UN Population Fund and governments including Britain's—and decreed that Rohingyas could not after all identify themselves as such. They are still "Bengalis". Instead of being a small step on the road to the integration into Myanmar of a persecuted minority, the census will become another brick in the wall that excludes them.

This is not the only way in which the government of a supposedly reformist president, Thein Sein, has been pandering to Buddhist zealotry, and to anti-Muslim prejudice. Stoked in part by a group led by a rabble-rousing monk, known as Ashin Wirathu, the prejudice has encompassed other Burmese Muslims as well as the Rohingyas. Parliament is to consider a law that would ban Buddhist women from marrying non-Buddhists. Mr Thein Sein has argued this is needed to "preserve race and religion".

For all sorts of reasons, the West has given Mr Thein Sein the benefit of the doubt. The former general's changes have already transformed Myanmar into a far more relaxed, open country than the one he took over in 2011. Political prisoners have been released, the press freed and the ubiquity of day-to-day tyranny ended. Myanmar is a better, happier place. Moreover, the country remains a great strategic prize, snatched from China's orbit, and one of the last great untapped markets and resource suppliers. The world, as Miss Suu Kyi has remarked, loves a happy ending.

The end of the rainbow

But when she said that two years ago, she observed that there was a long way to go. And the census controversy draws attention to the stalling of other reforms, notably to the constitution, an army-imposed charter. It can only be amended with the agreement of more than three-quarters of the parliament, a quarter of whose seats are reserved, as it happens, for the army. A parliamentary committee has just decided not to lower the threshold needed to pass an amendment. Instead, the army's parliamentary quota is to be reduced. But no timetable is given. Nor, as things stand, will Miss Suu Kyi, Myanmar's most popular politician, fulfil her wish to be a presidential candidate next year. The constitution, with her in mind, bars those with foreigners in the family, and her late husband was British, as are her two sons. Her demand to change this has not been backed by the government, which is divided about how far and how fast to change.

The unlikely consensus between Mr Thein Sein and Miss Suu Kyi, forged at a meeting in 2011, where they decided to trust each other, has broken down. The consensus was the basis of Myanmar's transformation since. But now, before next year's election, Burmese politics is in a dangerous phase. Not all the ex-generals manning the government seem reconciled to giving up power. Anti-Muslim feeling is mounting. Lasting peace with the many ethnic insurgencies remains elusive. And Myanmar's ordinary people, the poor, wonder when all these marvellous reforms they hear about will begin to improve their lives. ■

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Pensions and retirement

Paying for the grey

BEIJING

As a pensions crisis looms, China looks at raising the retirement age

IN THE 1950s, when China's civil war was only just over and life expectancy still below 45, setting a relatively young retirement age seemed sensible to China's new Communist Party rulers. But 60 years on, a recent study showed the nationwide average age of retirement is still 53 even though the economy is transformed and the average life expectancy is now 75. With the number of pensioners set to soar, and the number of young workers able to support them unable to keep up, China has been making long-overdue changes at both ends of the demographic spectrum. Late last year it started to ease its restrictive one-child policy. Now it is planning an adjustment to the retirement age.

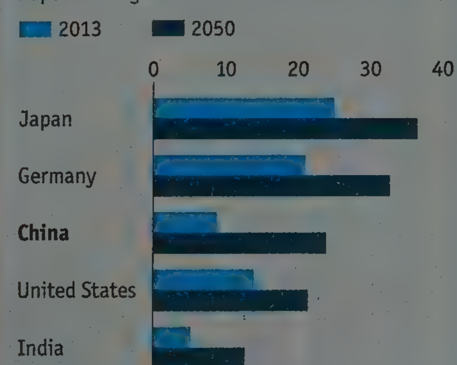
Allowing people to choose if they want more than one child may prove more popular, but raising the retirement age is likely to bring more economic benefits. Officials at China's Ministry of Human Resources and Social Security (MHRSS) have solicited advice from Chinese and foreign experts, including the World Bank and the International Labour Organisation. Many have advised raising standard retirement ages—currently 50 or 55 for women and 60 for men—by five years each.

The government has clearly signalled its intention to follow this advice. In October an MHRSS official openly supported the idea, and in November, an important meeting of senior party leaders included three "gradual" adjustments in retirement age in its official policy document. State media recently quoted a World Bank official saying the current arrangement is "not sustainable" and an MHRSS official has told Hong Kong media that adjustments are "inevitable". As always, caution is the watchword. Yin Weimin, the MHRSS minister, said last month that officials mean to raise the retirement age and "will definitely introduce the plan before 2020".

It is not hard to see why China feels the need to act. The proportion of China's population over 65 is currently 9%, but is projected to grow to 24% by 2050 (see chart). A report published in December by the Chinese Academy of Social Studies (CASS) said that without adjustments, pension deficits would appear in 2030, and that by 2050 the accumulated shortfall would amount to 90% of China's GDP.

Golden oldies

Population aged 65 and over as % of total



Source: UN Population Division

Officials claim that earlier predictions of pension deficits were "groundless". They acknowledge that as many as 14 provinces suffer deficits, but insist that, on a nationwide basis, the pension surplus at the end of 2013 stood at 3.1 trillion yuan ($500 billion), including 400 billion yuan in the pension fund for urban workers.

One important landmark on China's drift towards demographic peril came in 2012, when the proportion of working-age people first started falling. Officials announced a decline of 3.5m in the net number of working-age citizens that year. In 2013 there was a further decline of 2.4m. Official projections suggest that trend will continue until the mid-2020s.

Pension penchant

Du Peng of Renmin University in Beijing, says the number of pensioners in China will rise from about 200m to 300m in the next ten years, although the size of the active labour force will stay fixed, at 700m. But before adjusting the defined retirement age, he says China must first reform the pension system. Convincing people to work longer, says Mr Du, will require better management of state pension schemes for a population largely sceptical about the fairness, reliability and flexibility of pensions. If people work and contribute for 30 years, "they need a clear idea of what they will get", he says.

Experts also point to the need to deal with the imbalance between rural and urban pension schemes. CASS recently reported that for 2012, annual pension benefits for retired urban workers stood at 20,900 yuan, compared with just 859 yuan for retired agricultural workers. The government has also announced plans to "unify" urban and rural schemes but here, ▸▸

too, they have provided little detail. Mr Du says that, at a minimum, annual rural pensions must be brought up to the official poverty threshold of 2,300 yuan. A budget report presented to China's legislature last month trumpeted a 10% rise in urban pensions, to 22,800 yuan annually, but made no mention of increases for pensioners in the countryside.

Raising the age of retirement may be necessary but it will surely be unpopular. One survey, conducted in 11 Chinese cities and published in November, found that nearly 70% were opposed to an increase. It is to muffle such unease that the government is discussing only vague plans for change, to be brought in gradually over the next two decades. But if they don't stop dithering and get on with it, demography will catch up with them. ■

Abandoned babies

Bundle of tragedy

TIANJIN

A controversial scheme to deal with unwanted babies proves too popular

"BEFORE abandoning, think carefully about your actions. Home is a child's real safe haven." So reads a sign on a small yellow building attached to an orphanage in Tianjin, a northern city (see picture). It is one of dozens of facilities, called "baby havens" in Chinese, that have been allowing parents of unwanted babies to leave them anonymously in a safe place. Pilot sites opened in 2011 and by last year 25 such buildings had opened around the country.

Each baby haven has an incubator, a cot and a delayed alarm device so that staff can tend to a baby no more than ten minutes after it is left. But amid complaints from orphanages that they cannot cope with the high volume of babies, the policy is getting a second look.

At the Tianjin facility, a surly watchman says visitors are not allowed in and that the facility will close soon. Officials in the southern city of Guangzhou have already closed their baby hatch less than two months after opening it. They have been "overwhelmed" by the 262 babies left there. Most of them had severe health problems, they say.

As in other countries, it is often economic hardship that compels parents to abandon a child. But China's one-child policy is also a factor. The policy is being relaxed, but only gradually. A sick or disabled baby is still often an unwanted burden for a family limited to one child.

Some critics say the hatches encourage abandonments that might otherwise not happen. Chen Lan, founder of a child-protection group, disagrees. She says giving up a child is an act of such desperation that parents will not do it just because a policy makes it safer.

A recent commentary at *Caixin Online*, a leading Chinese news website, accused officials at the Guangzhou facility of "retreating from their public duty". The 262 abandoned infants did not just suddenly appear because a baby hatch was created, it said. "They were already around, but not cared for properly."

Ms Chen is confident the policy will survive. She says many nations have shown that, when a society reaches a certain level, it starts taking care of vulnerable children. "China has now reached that level," she says.

Safe haven

Politics and the mafia

Web of intrigue

BEIJING

The trial of an alleged mobster may hint at the fate of someone more powerful

THE noose appears to be tightening around the neck of Zhou Yongkang, China's former security chief. But the process has been slow and indirect, through the detention of allies and associates.

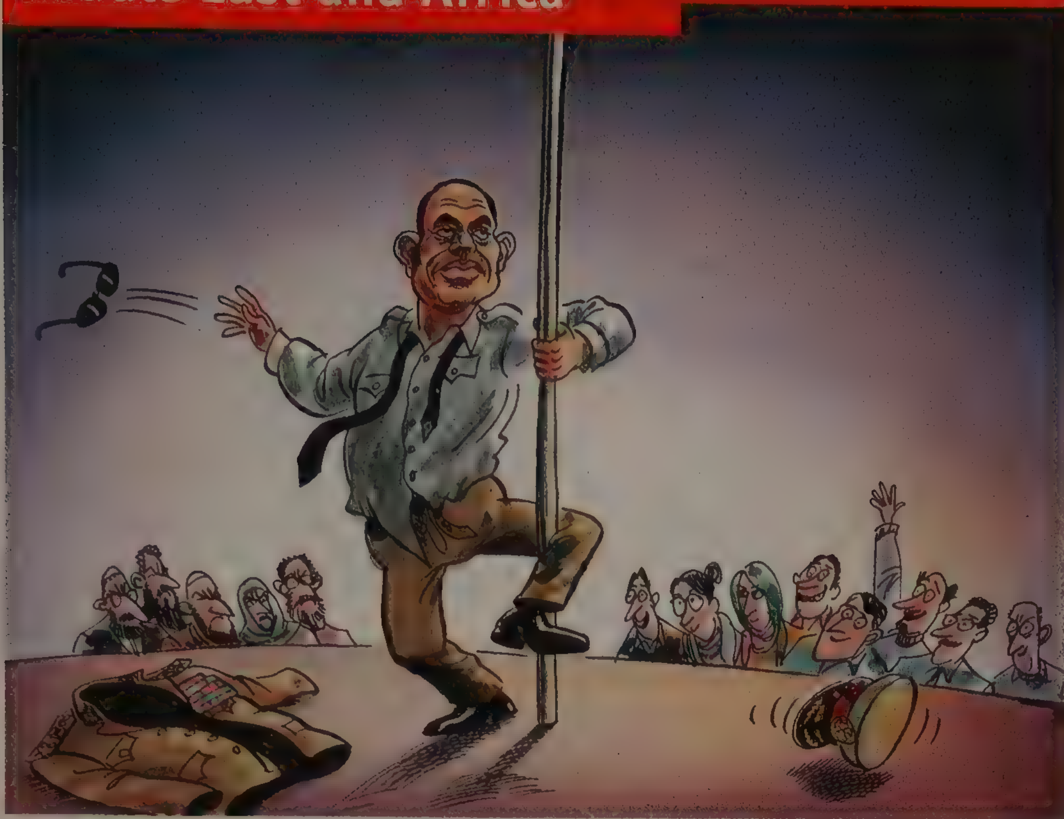
On March 31st the trial began of Liu Han, a billionaire and accused mobster from Mr Zhou's former power base in Sichuan province. Trials began the same day for Mr Liu's younger brother and 34 others. Mr Liu has been accused in official reports of leading a "mafia-style gang" that murdered, extorted, kidnapped and laundered money as he built an empire of mining, property and other interests worth 40 billion yuan ($6.5 billion).

In February Xinhua, the official news agency, published lurid reports about Mr Liu's alleged crimes, and the website of *People's Daily*, the party mouthpiece, ran a commentary suggesting that senior officials had protected him. Though it did not mention names, the message was clear. Mr Zhou was party chief of Sichuan from 1999 to 2002. From there he became national head of public security and then, in 2007, one of China's nine most powerful men as a member of the Politburo standing committee. He was close to Bo Xilai, a Politburo member who was believed to be manoeuvring for a spot on the standing committee but was jailed for life last year on charges of corruption and abuse of power.

Many others in Mr Zhou's network have been detained in the past two years. Mr Zhou himself is widely believed to be in detention, as is his son, Zhou Bin, caught in an anti-corruption campaign that President Xi Jinping is also using as a means to consolidate his own power. Other former leaders and their families have been rumoured as targets. A high-ranking military official, Lieutenant-General Gu Junshan, was charged on March 31st in what could prove to be a big corruption scandal in the army.

If Mr Zhou were to be put on trial, he would be the first standing-committee member tried for corruption, and it would be a clear signal of Mr Xi's grip on power. Observers will be looking for any hints of such crimes in the trials of Mr Liu and his associates.

More clues to Mr Zhou's fate might emerge in the case of another Sichuan billionaire detained for corruption. Deng Hong was the man behind the New Century Global Centre in the city of Chengdu, a cavernous shopping complex (complete with 300-metre indoor beach) that China's media call the world's largest building. Mr Deng was also said to be close to Mr Zhou. China's nexus of power and money can sometimes seem unbreakable. In this case, Mr Xi wants to prove it is not. ■



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Egypt's probable president

Pretending to be a civilian

CAIRO

The military strongman must do more than just take off his uniform before his election as president

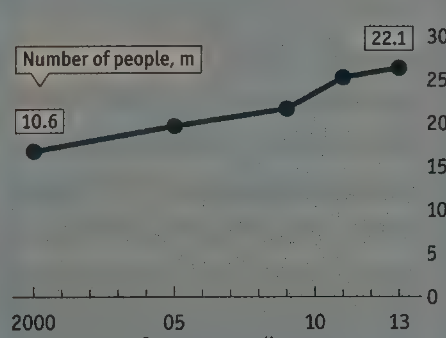
IN A soft-spoken television address announcing his bid for Egypt's presidency, Abdel Fattah al-Sisi intimated that his would not be a traditional election campaign. The caution seems unneeded. Few Egyptians expect that the field-marshal, a former defence minister and head of military intelligence, will have to exert himself much before coasting to victory in the polls, now scheduled for May 26th.

As leader of the coup that toppled President Muhammad Morsi last July, Mr (as he now is) Sisi is in effect the candidate of Egypt's state, backed by its 7m-strong civil service as well as the powerful army and police. He is also a hero to the many Egyptians who loathe Mr Morsi and his Muslim Brotherhood. Their fervour has generated a minor industry of Sisibilia, from T-shirts to chocolates and costume jewellery, all sporting his image. Against such momentum, rival candidates face a daunting challenge. There are few takers so far.

It helps, too, that Egyptians who might have voted against him are likely instead to boycott the polls. This includes the 20% or so who still back the Brotherhood, despite a fierce state campaign of vilification, accompanied by mass arrests and, more recently, mass trials of Brotherhood "terrorists". Likely non-voters also include a growing number, particularly among the young, who see Mr Sisi as the spearhead of a rolling counter-revolution that has slowly but steadily dashed hopes for sweeping change raised during the heady days of the Arab spring three years ago.

Opinion polls in Egypt are notoriously unreliable, but one independent pollster, Baseera, has tracked a recent drop in support for Mr Sisi. In February, 51% of respondents said they would vote for him. This fell to 39% in March. That does not yet presage unpopularity: fewer than 1% said they would vote for anyone else, and most remained undecided. Mr Sisi, now 59, is an effective public speaker, with a gift for catchy colloquialisms, a penchant for emotional appeals to nationalism and an aura of quiet strength. Shedding his military garb, the smiling candidate recently appeared atop a mountain bike, in a training suit: hardly the profile of a stern dictator.

More miserable
Egyptian population living in poverty, % of total



Source: Central Agency for Public Mobilisation and Statistics

All this resonates well with the many Egyptians who yearn above all for stability after years of turmoil. But he must also stem the rise in poverty (see chart). Incomes have sagged as the economy stagnates. Electricity shortages now affect even the well-off. Egypt experienced the biggest drop in a UN-sponsored global "happiness" index, outstripping even bankrupt Greece, between 2006 and 2012.

Yet this mood of misery does not seem to have engendered any lingering sympathies for the fallen Brothers, whose efforts to sustain protests are met mostly with annoyance. Despite anguish over police brutality and the death of some 3,000 people since the July coup, most of them Mr Morsi's supporters, the common talk on Egyptian streets is that only a strongman can fix things.

So the presidential poll may replicate a pattern set in December, when Egyptians voted on a new constitution. It passed by an embarrassing 98%, but the turnout of just 38% showed a society that is both apathetic and polarised.

Egyptians had puzzled over why it took Mr Sisi so long to announce his candidacy, and why the election date kept being delayed. Recent changes in the army may offer a clue. Though the sprawling institution has underpinned Egypt's state since officers seized power in 1952, taking direct charge between the revolution of 2011 that ousted Hosni Mubarak and Mr Morsi's election in mid-2012, many generals have been wary of exposing their supreme commander to the direct line of political fire.

But in March Mr Sisi shuffled the mili- ▸▸

tary's 25-member ruling council. Further ensuring loyalty, he raised a lower-ranking general, Mahmoud Hegazy, to the key post of chief of staff. As operational commander of the 450,000-strong force, Mr Hegazy is close to Mr Sisi, having previously been appointed by him to his own former post as head of military intelligence. Mr Hegazy's daughter happens to be married to one of Mr Sisi's three sons.

Lining up the ducks in his military pond required the skills that Mr Sisi honed as a discreet intelligence chief. A devout Muslim, he also persuaded the Muslim Brothers, during their brief rule, that he was a man to be trusted. Such canniness will be needed in future, as Egypt's next leader faces the gargantuan task of cleaning up a range of creaking institutions, from the courts and the police to failing health and education systems.

He must do this not only to rescue Egypt, but for his own sake. Trigger-happy police and judges who recently sentenced hundreds of Brothers to death (and a farmer to a stint in prison for putting a Sisi-style hat on a donkey) may turn out to be more of a liability than an asset. ■

The Saudi succession

Next after next…

CAIRO

King Abdullah appoints a second in line to the throne

MOST monarchies favour primogeniture, a simple way of passing the crown from one generation to the next. Kingship in Muslim dynasties has tended instead to pass between brothers. But whose son should then inherit the throne? Ottoman sultans solved this problem by murdering their brothers. That is not easy if you happen to have 45-odd male siblings, as was the case for the five succeeding sons of Abdel Aziz bin Saud, the founder of Saudi Arabia, who have ruled since his death in 1953.

Most of those sons are now dead, leaving Saudis to wonder when the prolonged hold of this gnarled second generation will end. On March 27th the reigning king, Abdullah, thought to be at least 89, provided an answer: not soon. A royal decree appointed his youngest surviving brother, Muqrin, born in 1945, as second in line to the throne after the crown prince, Salman, 78 and ailing. Should the newly anointed heir survive as long as Abdullah, he could still be king in 2034.

A former intelligence chief, governor of the holy city of Medina and pilot who trained at a Royal Air Force college in Britain, Muqrin is considered a steady hand, though palace gossips sniff that his mother was a Yemeni concubine. But he is close to the king and well thought of, says Joseph Kechichian, author of "Succession in Saudi Arabia". At a function in Riyadh days after the announcement, the prince showed himself to be "dynamic and congenial", says Mr Kechichian.

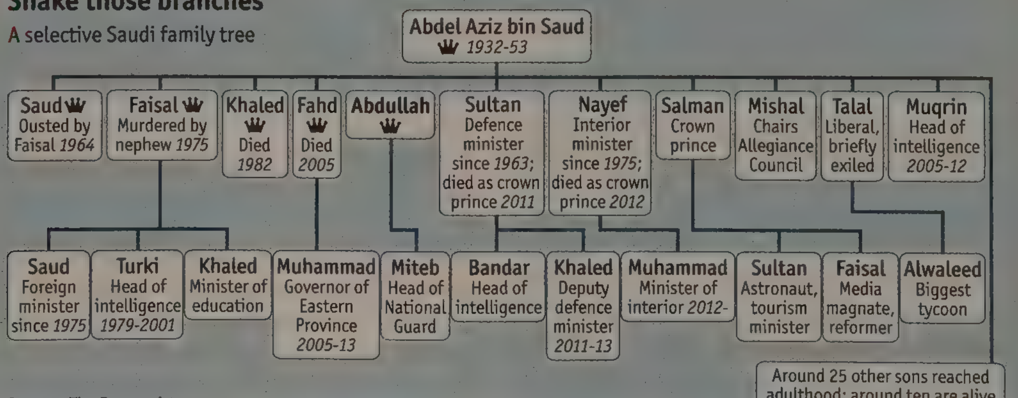
The appointment of a second heir prompted whispers that Abdullah may soon abdicate. That is unlikely. Saudi kings tend to rule until death, though one was ousted by a brother (see chart). More likely Abdullah fears that Salman, believed to be suffering from Alzheimer's, will be unable to take over. The statement from the royal palace hinted as much, referring to a situation where the positions of both king and crown prince could become "vacant".

The House of Saud can ill afford for that to happen, since the oil-rich kingdom faces mounting challenges. The ruling coterie fears the Arab spring may yet provoke its youthful, internet-using population of 30m into more forcefully airing grievances, such as the strictness of Islamic laws and the lack of jobs. They fear Saudi jihadists who have gone to fight in Syria could return to make trouble at home. And they dread developments abroad. In particular, the royal Saudis are "hysterical"—in the word of a recent visitor—over America's outreach to Iran. They have fallen out with Qatar over its support for the Muslim Brothers. And as chief patrons of Syria's rebels, they have failed to create a force strong enough to turn the tide against Bashar Assad.

Some Saudis quietly criticise Abdullah for ducking once again the challenge of picking an heir from the next generation. That will now most likely be Muqrin's choice, if he wins the crown and lasts into old age. The third generation—the founder's grandsons—now numbers hundreds of princes; subsequent generations probably take the male tally past 8,000, of whom at least a score may consider themselves eligible one day for the throne. They may be getting impatient. ■

Shake those branches

A selective Saudi family tree



Source: *The Economist*

Israel and Palestine

Last-ditch bargaining

JERUSALEM

As negotiations over the big issues stall, both sides bid for minor advantages

IF ISRAELI and Palestinian headlines agree on anything, it is that the negotiations John Kerry, America's secretary of state, began broking last July are running into the sand. Israel's prime minister, Binyamin Netanyahu, reneged on his promise—as the Palestinians understood it—to free the fourth and last batch of two dozen long-serving Palestinian prisoners by the end of March. In response, Palestine's president, Mahmoud Abbas, spurned America's umpiring and took his campaign for statehood global, earning the first plaudits in years from more radical Palestinian factions, such as Hamas, which have long deemed him feeble. Mr Kerry, mocked by an Israeli minister as "messianic", momentarily seemed to lose faith in his mission, turning his back on both parties by cancelling another emergency visit. "It's up to the parties to make decisions," he said.

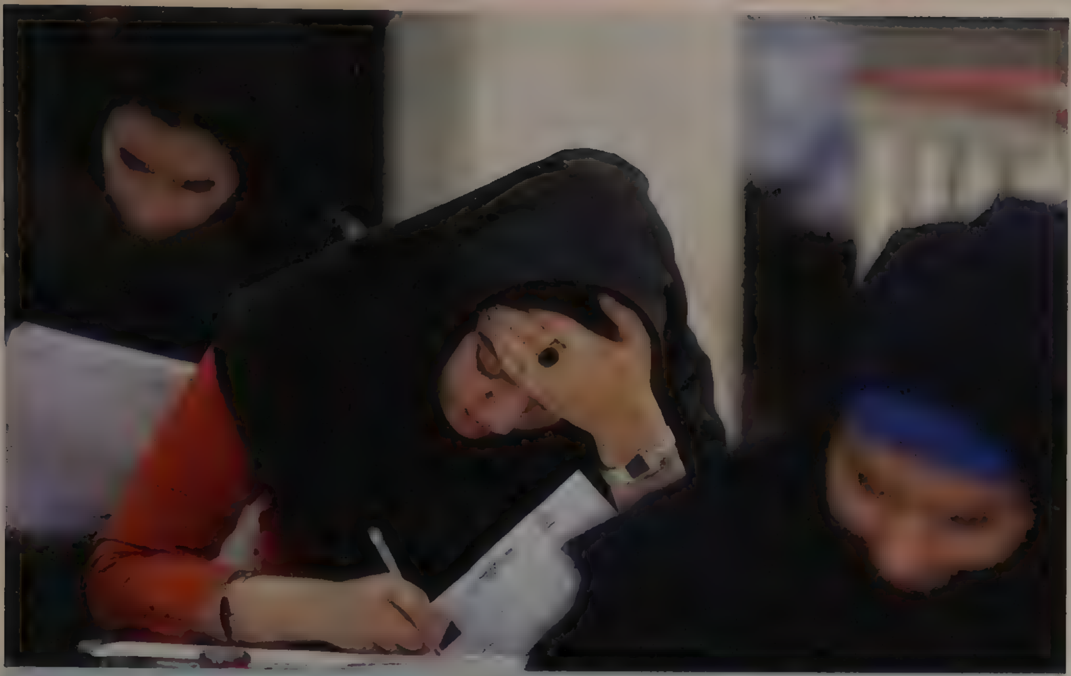
All this may yet prove to be more theatrical than truly menacing. Messrs Netanyahu and Abbas are jockeying in the weeks still within Mr Kerry's nine-month timeframe for talks to end. Contrary to many headlines, Mr Abbas did not actually go to the UN, but signalled that he was just a signature away from doing so. None of the 15-odd international conventions he signed, such as the Geneva ones governing rules of war, actually inducts Palestine into UN bodies. Nor has Mr Netanyahu ruled out freeing the remaining 26 prisoners. Rather, both are holding out for last-minute better deals. Mr Netanyahu wants the Americans to free a Jewish-American spy, Jonathan Pollard, a naval-intelligence officer sentenced to life in prison for stealing state secrets in 1987. Mr Abbas just wants his own despairing and fractious constituency to let him keep on talking.

Mr Kerry, in any event, must be running out of ploys to keep the negotiations alive. ▸▸

Since last July he has reduced his sights first to a statement of principles, then to a "framework" for talks, and most recently to a non-binding American paper. Even that now seems too much for Israeli and Palestinian leaders to stomach. Palestinians fear Mr Kerry may deprive them of a host of statehood attributes, including East Jerusalem as their would-be capital. Both sides are bartering over confidence-building measures simply to keep the process going.

Mr Netanyahu is proposing a partial settlement freeze, excluding East Jerusalem and the thousands of new buildings for settler homes that his government has put out for tender in recent months. As a sweetener, he may offer to free 400 more Palestinian prisoners, most of them women and minors, on top of the 26 previously agreed. The Palestinians are holding out for the release of other jailed leaders, such as Marwan Barghouti and Ahmed Saadat, and want a total freeze on settlement building.

Even if this latest bout of bargaining ends in a modest deal, hopes of resolving bigger outstanding issues on the road to creating two states will still be dim. Mr Kerry must be close to his wits' end. ■



Iran's universities

Breathing again

TEHRAN

The new president is giving students a longer leash

"AT LEAST one thing hasn't changed", remarked a Tehran University professor who had recently returned to work after several years. "The faculty still gossips terribly." But under President Hassan Rouhani bigger changes on Iran's leading campus—and perhaps in universities elsewhere—may also be on the way.

One sign of this was the recent sacking of Tehran University's conservative chancellor. Appointed in 2008 by Mr Rouhani's populist predecessor, Mahmoud Ahmadinejad, he had overseen the expulsion of independent-minded students and academics, promoting mediocre yes-men and stifling the intellectual atmosphere.

Since his departure, things have loosened up. Last month over 1,000 students gathered to hear a lecture by Immanuel Wallerstein, an 83-year-old, left-wing American sociologist. Widely translated into Persian, he is respected across Iran's intellectual spectrum, albeit under various interpretations. For some, he is a herald of America's decline, affirming Iran's official narrative. For others, he still represents America, even if he challenges the global status quo.

In the early years of this century, under the presidency of Muhammad Khatami, Western intellectuals visited quite often. Under Mr Ahmadinejad, they virtually stopped coming. But since Mr Rouhani was elected last summer, intellectual waters are being tested again. Hosted by the Iranian Sociological Association, Mr Wallerstein's lecture tour included two other notable universities, at Shiraz and Isfahan.

Many of the students did not know who he was, but wanted to see an American scholar anyway. When he observed that third-world regimes born out of revolution tended to create the same social and economic problems their founders had promised to solve, a frisson rippled through the assembly. At the back of the hall, where students craned to see him, whistles and applause erupted.

South Africa

Why invest?

JOHANNESBURG

Some recent business bills pander to populists, deterring foreign investors

AS THE elections on May 7th draw closer, the ruling African National Congress (ANC) seems increasingly troubled by a challenge on its left flank from the Economic Freedom Fighters (EFF) led by Julius Malema, a former head of the ANC's Youth League, who wants to nationalise white businesses and farms without compensation. The ANC is sure to win the election. But fear of losing votes to the EFF has had a worrying effect on recent legislation related to business.

Two bills, on how to govern mining and private security, were rushed through parliament before its recess. Neither bill has yet reached the statute book, but in their present form they are sure to chase away foreign investors. If the strike in the country's platinum mines, now in its third month, has not deterred them, these bills may well do so.

Start with the mining bill. One of its clauses says the state will take a 20% stake in any new petroleum venture. Another lets the state buy a larger stake at "an agreed price" or through an output-sharing deal. Any business considering prospecting for shale oil in South Africa would think twice. If the venture proved profitable, the state could end up owning the lot. The bill also classifies minerals as "strategic", which means they can be directed away from their most profitable use as ministers see fit. For instance, coal destined for export could instead be diverted to Eskom, the state-owned electricity company, which is struggling to keep the lights on. The criteria that will govern such decisions are not clear.

There are similar concerns around the security bill. New regulations were surely needed to govern an industry that has expanded rapidly in the past decade. There are now almost twice as many security guards in South Africa as regular police. But the bill also requires at least 51% of the ownership and control of security firms to be exercised by South African citizens. The investments of two British security firms, G4S and ADT, ought to be protected by a bilateral trade treaty. The trouble is, South Africa is also junking such treaties, to the consternation of its biggest trading partners in Europe. That Jacob Zuma, South Africa's president, chose not to attend this week's European Union-Africa summit in Brussels will hardly have helped matters.

These two business-bashing bills are part of an ominous trend. The South Afri- ▸▸

can Institute for Race Relations has just published a report on all business-related legislation since the start of 2013. It concludes that a common thread through all the bills is that "they weaken property rights, reduce private-sector autonomy, threaten business with draconian penalties, and undermine investor confidence."

They have something else in common. The amendments regarding ownership were inserted into both the mineral and security bills quite late in the day. An early draft of the mineral bill capped the state's potential stake at 50%. The local-ownership clause was slipped into the security bill only as it made its way through the committee stage of parliament. The timing suggests that the elections in general, and in particular, the EFF's call for nationalisation, influenced their drafting. ■

Ghana

He won't give up

ACCRA

An old warhorse gallops back into the fray

NANA AKUFO-ADDO, the long-serving leader of Ghana's opposition, is determined to run again for president in 2016—so he declared before a boisterous crowd in the front garden of his home in Accra, the country's capital. Even though the polls are two-and-a-half years away, it feels as if a starting-gun has been fired.

Ghana has had six fair elections since 1992, with power twice changing hands between the two main parties, Mr Akufo-Addo's New Patriotic Party (NPP) and President John Dramani Mahama's National Democratic Congress (NDC).

For Mr Mahama, Mr Akufo-Addo, now 70, is a familiar foe. Mr Mahama's predecessor as president and NDC leader, John Atta Mills, defeated Mr Akufo-Addo, previously foreign minister, in the election of 2008. Mr Akufo-Addo then lost again in 2012, to Mr Mahama, after the latter had stepped up from vice-president to president following Mr Mills's death in office earlier that year.

Mr Akufo-Addo then withdrew to France and Britain to lick his wounds, returning home in March, having evidently decided that he was ready to do battle again. Few politicians in the NPP have his clout and national recognition, so he is favoured to fend off anyone within the party when nominations to bear the NPP standard are considered. If he gets it, could it be third time lucky in his bid for the nation's top spot?

The contest between the old rivals in 2016 may have begun already. Mr Mahama recently announced that he would seek to provide high-school education free, the very promise that Mr Akufo-Addo put at the heart of his campaign in 2012. Mr Mahama may have been trying to ensure that his dogged foe would not pledge the same again.

Meanwhile, Mr Akufo-Addo's running-mate last time round, Mahamudu Bawumia, recently slammed Mr Mahama's handling of the economy in a well-publicised speech, blaming him for everything from the depreciation by 30% of the cedi, the national currency, to the government's faltering efforts to slim the budget deficit, which reached 11% of GDP in 2013, prompting ratings agencies to downgrade the country.

But Mr Akufo-Addo's biggest challenge will be to offset the advantage of incumbency: no Ghanaian president has been voted out of office since democracy was restored 22 years ago. That record, if the resilient Mr Akufo-Addo gets his party's nomination, will not deter him.

Kenya

Muslim martyr

NAIROBI

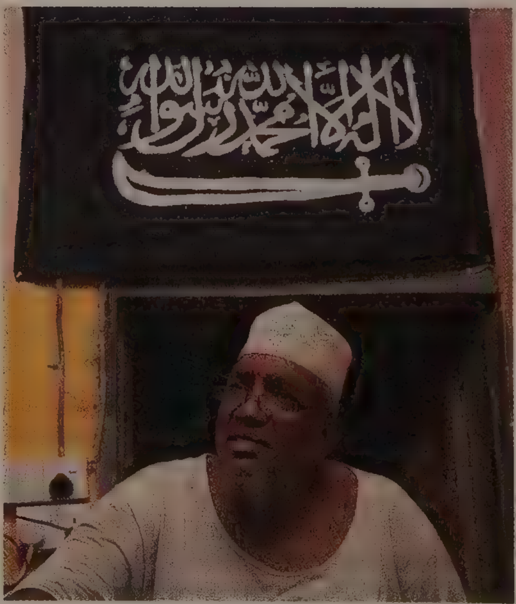
The latest murder of a militant cleric may recruit more youths to his cause

IT WAS clear that Abubakar Sheikh Ibrahim Shariff was a marked man. Vehicles from Kenya's anti-terror police unit (ATPU) were always being mended in the garage opposite his compound in the port city of Mombasa. The sheikh's neighbour, a mechanic, got good custom from the ATPU in return for watching the radical preacher.

The mechanic will now have to find customers elsewhere. On April 1st Mr Shariff, known by the nickname "Makaburi" (meaning graveyard in Swahili), was shot dead by unidentified men as he waited to make a court appearance.

His death was widely foretold, not least by himself. Sitting in his cramped office in November, he said it was "only a matter of time" before he would be killed, just as other radical Kenyan imams had been. "The government is murdering us," he said matter-of-factly. A surprisingly jovial presence, he lived under virtual house arrest for his last two years, receiving visitors in his basement home and surfing the internet while watching comings and goings on a security camera. Makaburi got his nickname for threatening to disinter the graves of Sufi Muslims whose burial rites clashed with his literalist reading of the Koran.

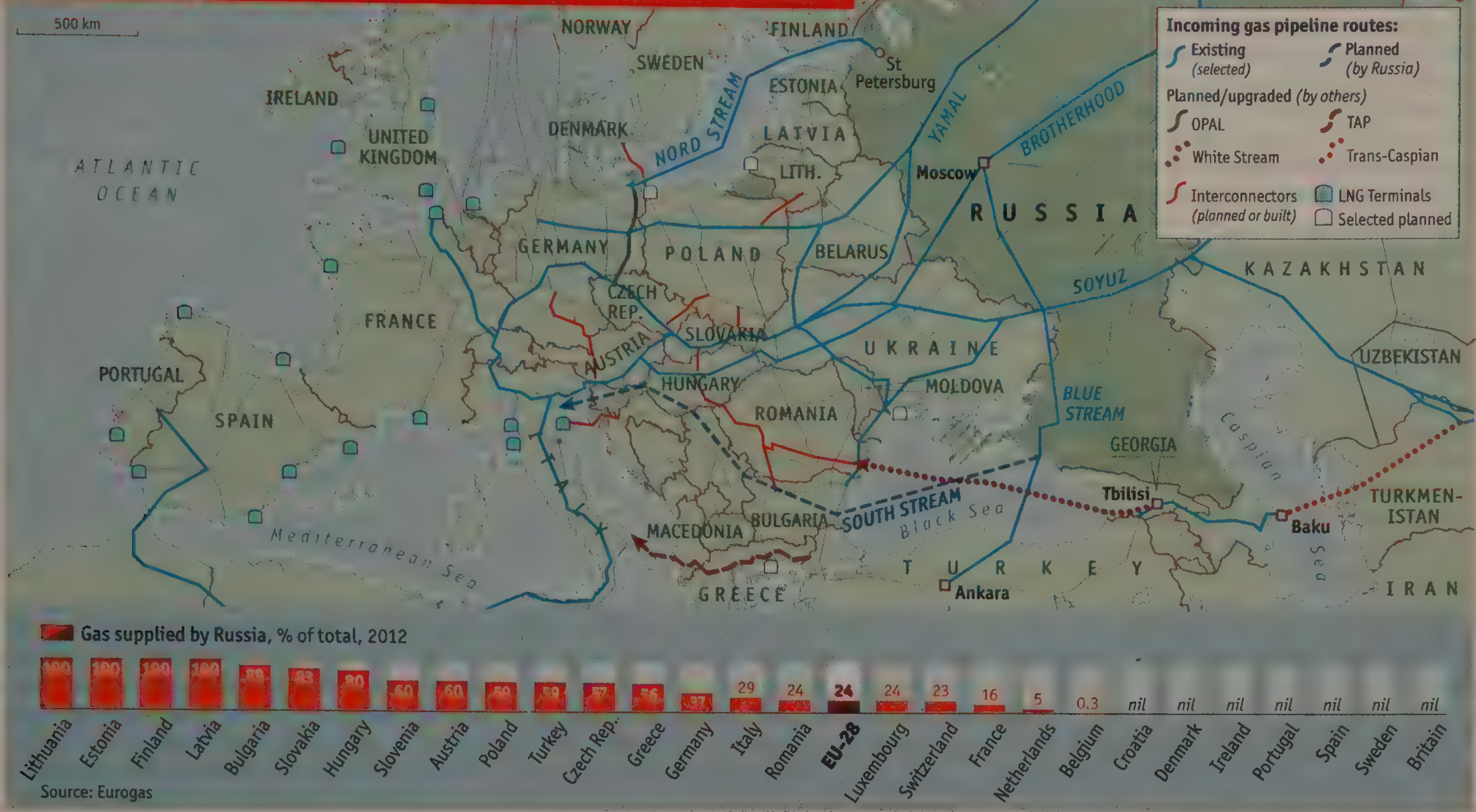
In August 2012 Sheikh Aboud Rogo Mohammed, another radical imam, was shot dead. He had been under investigation by the UN and the Americans for links to the Shabab, a Somali Islamist militia. Late last year his unofficial successor as leader of the coast's radical community, Sheikh Ibrahim Omar Rogo, was killed in nearly identical circumstances. Locals blame those killings, as well as a string of others, on government-run death squads. The murders, none of which has been adequately investigated, have led to riots. Unrest is again expected after Friday prayers on April 4th at the Musa mosque in Mombasa, the scene of frequent recent deadly clashes.



Mr Graveyard goes there

A local watchdog, Muslims for Human Rights (Muhuri), listed a string of extra-judicial killings in a report in November entitled "We are tired of taking you to court". It accused ATPU, which has received nearly $50m from the American state department, of torture and assassinations.

UN investigators and Kenyan security officials accused Makaburi of recruiting young men for the Shabab. This he denied, but openly called for Kenya's central government to be violently overthrown and cheered on the Shabab, an affiliate of al-Qaeda. Increasingly popular among Mombasa's many disaffected youths, he was given to joking that his enemies, among whom he counted the governments of Kenya and the West, were more effective as recruiters than he. Counter-terrorism operations were, he said, making more Kenyan Muslims agree with him. "Every time there's a killing, it wakes more of them up. Now there are boys going to the mosque with daggers. One day they will bring guns." For all his precautions with cameras and not leaving his home, he also relished martyrdom: "The *jihad* is a tree," he said. "The more blood you spill, the more it will grow." ■



Conscious uncoupling

Reducing Europe's dependence on Russian gas is possible—but it will take time, money and sustained political will

WHEN Vladimir Putin was bribing Viktor Yanukovych, then the president of Ukraine, to turn down a trade deal with the European Union last year, one of the sweeteners was cheap gas. The copious Russian gas Ukraine burns through every year—it is a profligate user of energy—would be priced at just $268.5 per thousand cubic metres (tcm), which for 2013's total of 28 billion cubic metres (bcm) works out at $7.5 billion. Since February's revolution ousted Mr Yanukovych, gas has become a stick, not a carrot. On April 1st Alexei Miller, the chief executive of Russia's gas giant, Gazprom, said that the price of Ukraine's gas was going up by 44%, to $385.5 per tcm.

This is ominous news for Europe. Ukraine already owes Gazprom $1.7 billion, according to Mr Miller. If Ukraine continues not to pay its bills—and without outside help, it cannot—Gazprom can cut it off. Such a dispute need not, in principle, have any effect on the gas that flows through Ukraine to other countries farther west (see map). But if Gazprom reduces the flow of gas to reflect the fact that Ukraine no longer has a right to its 28bcm, and Ukraine takes some of that gas anyway, or if Gazprom shuts down the pipelines going through Ukraine completely, Europe's supplies get hit. Europe gets 24% of its gas from Russia, and half of that—80bcm a year—passes through Ukraine. An argument between Russia and Ukraine led to the pipelines shutting down for two weeks in January 2009, to much consternation downstream.

In the short term (weeks, or a few months) such a disruption would be less damaging now than it was then. But in the medium term (many months, or a few years) Europe remains highly vulnerable to Russian control over gas supplies. This vulnerability is one of the reasons why Mr Putin thinks Europe will not act decisively against him over the annexation of Crimea, or any further territorial depredations he may have in mind. But it is a vulnerability that can, over time, be decreased; and one which Russia would lose a lot by exploiting.

Thanks for sharing

At the moment, a lapse in supplies would see the seasons in Europe's favour. European countries do not depend on Russian gas in the summer months (though they do refill their storage facilities with it then). And the mild winter just past means that those stores are unusually full. Richard Mallinson of Energy Aspects, a consultancy, says EU countries have 36bcm of gas in store, about 15bcm more than this time last year. They could store twice that; the EU's total storage capacity is 75bcm.

It is a useful cushion, but a lumpy one. Some European countries have lots of storage: Latvia has at least a years' worth. Others (Moldova, Macedonia) have none. Thus ways must be found to get gas from the places where it is stored to the people who need it. Europe's pipeline grid is not particularly well suited for this. National gas companies have long disliked cross-border interconnectors; a free flow of gas means more choice for consumers and thus lower prices. But pressure from the EU—notably in the form of the "third energy package" of liberalisations—and a growing concern, since 2009, about the risks of relying on Russian gas mean that more interconnectors have now been built, along with pumps that can reverse the flow in transit pipelines.

Poland has been connected with the Czech Republic via the small Stork pipeline since 2011; work on a larger link, with a capacity of up to 10bcm, will start before 2017. Slovakia has just opened a pipeline to Hungary. Germany can now send gas to Italy, as well as to Poland and the Czech Republic. If the political will to provide mutual support is there—quite a big "if", since it was not very apparent in 2009—the means to do so are better than they were.

Estonia, Latvia and Lithuania, though, are not connected to any source of gas save Russia. Work could start on an interconnector from Poland to Lithuania in 2018; until then Latvia's abundant storage provides some insurance against strong-arming. Bulgaria also has a particular problem. It ▸▸

gets almost all its gas from a Russian pipeline that crosses Ukraine, and it has limited storage (less than two months' consumption). It is hurrying to build interconnectors to Serbia and to a planned liquefied natural gas (LNG) terminal in Greece.

Even good interconnection is only a solution for as long as there are gas supplies to feed the interconnectors. If the gas ceased flowing through Ukraine, where might more be found after stores were depleted?

One answer is, surprisingly, Russia. If Russia were to shut down the pipelines across Ukraine with the principal aim of hurting Ukraine itself (though accepting mind-focusing discomfort downstream as an added bonus) it would probably continue exporting gas by other channels. One of them, the newish Nord Stream pipeline on the Baltic seabed, was to some extent built with this in mind; it was designed to get gas straight from Russia to Germany, and thus give Russia the option of cutting off its near neighbours while still serving its most important market.

Now interconnectors allow gas to flow south and east out of Germany, though, Nord Stream could be something of a boon—all the more so because, at the moment, only around 30bcm of its 55bcm a year capacity is used. Assuming regulatory and commercial issues were resolved, and that Russia was not actively seeking to make things worse, the other 25bcm could make up a good chunk of the shortfall if supplies through Ukraine were stopped.

Help is round the corner

Finding much more by way of replacement gas, though, would be hard. Perhaps 10bcm could come from Norway. Shares in Statoil, Norway's state energy company, have jumped by 7% since the revolution in Ukraine, notes John Olaisen, an analyst at ABG Sundal Collier, a Norwegian bank. But the scope for further production inside the EU is limited. In the Netherlands public opinion wants the country to pump less gas, not more, because of worries about carbon emissions and a string of minor earthquakes associated with the depletion of the giant Groningen field. Britain's gasfields are also depleting. North Africa has proved an unreliable supplier, beset by terrorist threats and other unrest. Italy's imports from Libya, once a reliable supplier, were down by 11.9% in 2013; supplies from Algeria (where local demand is booming) were down by 40%.

What about gas from farther afield? Europe has the capacity to import a lot more LNG; its 2013 LNG imports, 45.7bcm, were much lower than the 2011 peak of 86.5bcm. The problem here is inelastic supply. The countries which export LNG cannot simply churn out more of the stuff; the plants which liquefy the gas cost billions of dollars, so they tend already to be running at full blast. And most of what they make they are already selling, at high prices, in Asia (see chart 1). Japan needs LNG to keep the lights on, having shut down its nuclear power plants after the Fukushima disaster. China is trying to burn less coal because of public anger at air pollution. Europe might be able to find another 10bcm of LNG, analysts reckon, but it would pay about twice what Russian pipeline gas currently costs.

There is also the option of generating electricity from coal instead of gas. But a knock-on effect of America's shale-gas revolution is that it now exports cheap coal to the EU (this is in part why LNG imports have declined). Europe is already running most of its coal-fired stations at high capacity. There might be some slack, and there are also some mothballed stations that burn fuel oil, but there is no large pool of underused generating capacity.

Add all this together and you get around 50bcm. That means Europe would still face a 30bcm shortfall if supplies through Ukraine were cut off completely—just under half of Germany's annual gas consumption. And even getting that far is possible only at the cost of perhaps $50 billion more spent on gas; bringing in a significant amount of LNG at Asian prices means other vendors not locked into long-term contracts will raise prices, too. Particularly cold winter weather would make things a lot worse. Given the continent's 117 gigawatts (GW) of wind-turbine capacity, which has been growing at 10% a year, windy weather would improve matters.

Rather than face the economic pain that a 30bcm gas shortfall would impose, Europe's leaders will focus on helping Ukraine pay its bill. This is one reason why prices for traded gas have barely budged since the crisis started. Sorting out the country's notoriously murky energy sector will be high on the reform agenda (Ukraine still does not have meters at the points where the pipelines enter from Russia, making all discussions about quantity and price questionable). Cuts in the energy subsidies which lead Ukrainians to burn gas so wastefully are sure to be required in return for money from the IMF. Ukraine currently produces 20bcm of gas; if it were as efficient in its use as some countries are, it could be more or less self sufficient.

Europe will also seek to lessen its reliance on Russia in the longer term—a challenge made all the harder by the fact that current trends have gas demand going up in the decade to come. According to AT Kearney, a consultancy, imports are set to climb from 327bcm today to 413bcm in 2020.

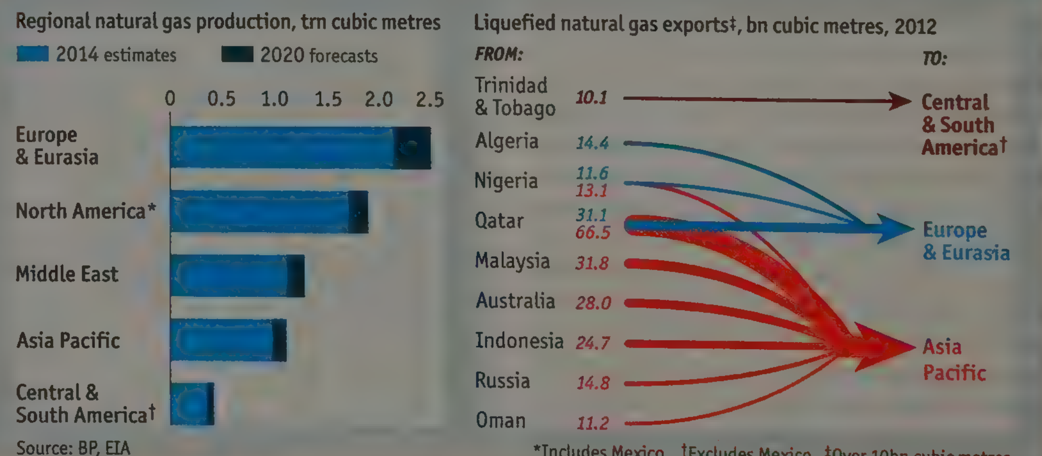
Bigger, stronger

In March the EU's heads of government told the commission to produce a plan in June for reducing energy dependence. That is likely to give a push to storage capacity and both more and larger interconnectors. It could strengthen requirements for countries to maintain a strategic gas reserve, and it ought to stress energy efficiency, too.

It will also look at new pipeline plans. An immediate casualty is likely to be Russia's South Stream pipeline, which, like Nord Stream, was designed to reduce Gazprom's export dependence on Ukraine. Due for completion in 2018, with a planned capacity of 63bcm, it has already fallen foul of EU competition rules, and EU disapproval could effectively scupper it. The corollary to spurning Russian gas piped through South Stream is favouring non-Russian schemes like the Trans-Adriatic Pipeline, due for completion by 2018, which will bring Europe 10-20bcm a year from the Caucasus via Turkey. An easing of sanctions on Iran could bring more gas from there by the same route.

Europe could also develop its shale-gas reserves (see map on next page), though these are not the panacea enthusiasts would like to believe. The EU's Joint Research Centre puts Europe's technically recoverable unconventional-gas resource at 11,700bcm, about a quarter of America's. But law, public opinion and a lack of drilling and exploration kit make European shale gas harder to get out. IHS, an energy consultancy, expects that by 2020 European shale production will only be 4bcm a year, compared with over 70bcm in Ameri-

Taps and trails 1



Source: BP, EIA

*Includes Mexico †Excludes Mexico ‡Over 10bn cubic metres

Fuel for the future?

Sources: International Energy Agency; KPMG; press reports

ca today. Conventional-gas production in Europe and its neighbouring seas could drop by ten times that over the same time.

Political excitement about the idea of America's shale gas helping Europe out tends to overlook the practical difficulties. For a start, there are not yet any export facilities. Sabine Pass on the Texas-Louisiana border, with a capacity of up to 2bcm, will start pumping LNG only in 2015. Two dozen export applications are pending, though, and IHS reckons that a burst of projects coming online in 2018-20 will bring America's total LNG export capacity to 66bcm by early in the next decade. That is appreciable, but hardly overwhelming in a world LNG market that might be 540bcm a year by that time, according to the International Energy Agency. And a significant part of that gas would be headed to high-price Asia, not just from plants on America's Pacific coast but also from the Gulf, since from 2015 the new locks on the Panama Canal will enable it to take large LNG carriers.

All this depends on investors coming up with the money. But private-sector investors may be chary of putting money into costly terminals that risk not being used if Europe slips back into accepting more cheap Russian gas. And although the crisis in Ukraine has stoked America's willingness to help allies, there is a domestic lobby that thinks restricting exports will keep prices at home low.

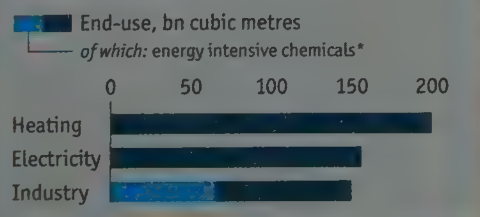
Technological change may help matters. The cost of import terminals that turn LNG into usable gas has fallen sharply, with customers now able to rent floating facilities when they need them, rather than building costly ones on land. Lithuania's new $325m floating LNG terminal, the South-Korean-built, pointedly named *Independence*, will start work by the end of this year. In the longer term, liquefaction plants which use electric motors rather than huge turbines look set to reduce the size and capital costs of export terminals. That could bring much more LNG onto the market from offshore fields and remote places.

Since Europe uses 31% of its gas to make electricity (see chart 2), it is also possible to reduce reliance on Russia by changing generating technology. To some extent Europe's push for renewables is already doing this. But at the moment renewables need fossil-fuel-fired capacity for backup, and gas is the fuel of choice. Better electricity interconnectors could reduce that need for gas by making it easier to export electricity from renewables-rich markets like Germany on sunny or windy days and to import it on dark or still ones. As with gas interconnectors, forging such links requires a pan-European push. And to make it work on a large scale will require new pricing strategies to recompense the owners of fossil-fuel plants pushed off the grid when renewable energy from other countries flows in.

Interconnectors can also help substitute one renewable for another. Hydropower, like gas-fired power stations, can be turned on easily when the wind falters, but it is not evenly spread: Sweden and, particularly, Norway have a lot of it, Germany and Benelux not so much. There are currently plans for up to five new interconnectors from Norway to the EU to be built by 2020, with a capacity of up to 5GW (providing 5GW from gas plants would take around 10bcm a year). Norway could generate much more hydropower, given a market. And with better interconnectors, a lot more solar power could come up from the south—perhaps including north Africa.

The point of it all 2

European gas, 2012



Source: IEA *Estimate

Though making a real dent in Europe's reliance on Russian gas will take political will, money and the best part of a decade, merely moving in that direction will shift the balance of power, because it will signal a fundamental truth: in the end, the Kremlin needs its European customers at least as much as they need Russian imports.

The avengers

Oil-and-gas exports make up 70% of Russia's $515 billion annual exports, and 52% of the federal budget, according to America's Energy Information Administration. Europe's role as Russia's largest gas market already gives it a certain strength, as can be seen in the increasingly hard-nosed way EU competition officials are taking on some of Gazprom's practices.

Oil (unlike gas) is easy to store, ship and trade, which means a single customer has less scope for action. But to sell its oil easily, Russia needs access to the world financial system. Its companies need to borrow on the bond market, and want their shares traded on international exchanges. They also need to process payments in dollars (the currency in which almost all international energy transactions are priced).

This gives Europe and America considerable leverage, if they choose to exert it. Rosneft, Russia's biggest oil company, would be badly damaged if it were to be delisted on the London and New York stock exchanges. Financial sanctions could also make it hard for Russia to sell its oil to third parties. Sanctions have hurt Iran not by stopping it getting oil to customers, but by stopping it from receiving payment (though Russia would be harder to isolate).

In theory, Russia's gas exports to Europe are a weapon that points the other way. If Russia were to push farther into Ukraine, or to try its chances in Moldova, Georgia or the Baltic states, and Europe to take strong action in response, it could shut down exports completely, thus doing huge damage to the EU. But barring immediate, permanent and total victory, that would also doom Russia as a gas exporter. China already has worries about Russia's dependability as a supplier. Even with $475 billion in foreign-exchange reserves, the Kremlin cannot continue to run Russia's ramshackle and uncompetitive economy without its most important export revenues.

The shock of the Crimean annexation should speed up sluggish European decision-making on storage, interconnection, diversification, liberalisation, shale gas and efficiency. And though the decision-makers may detest Mr Putin, in private they will admit that he may thus have done them a favour. They already knew what to do. They just didn't want to do it. ■

Also in this section

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France's new government

Valls triste—or happy?

PARIS

François Hollande's new prime minister, Manuel Valls, is a centrist and a bruiser. He will need these qualities if he is to help turn France round

FIVE years ago, in 2009, after Manuel Valls urged his unreconstructed party to drop the word "socialist" from its name, he was ordered by its leader to shut up or quit. Two years later, after explaining how painful it would be to remedy France's economic weaknesses, he scored less than 6% in the party primary for the 2012 presidential nomination. Yet on March 31st François Hollande, the French president, appointed the party's most heretical activist as his new prime minister, in place of the bland Jean-Marc Ayrault. It was a move as uncharacteristically bold as it is potentially encouraging for the cause of economic reform in France.

That the ultra-cautious Mr Hollande has made such an appointment reflects how crushing was his defeat in the local elections held on March 23rd and 30th. Thanks to high unemployment, high taxes, low growth and inept government, the Socialists lost over 150 towns, mostly to the mainstream right, including Toulouse, which they thought safe, Roubaix and Tourcoing, two towns in the industrial north with a long left-wing heritage, and Limoges, held by the left ever since 1912. Marine Le Pen's populist National Front picked up eleven more town halls, including Fréjus and Béziers, to add to Hénin-Beaumont, which it won in the first round, a big step forward for her party. The only consolation for the Socialists was that Anne Hidalgo won Paris (coincidentally, she shares with Mr Valls the distinction of Spanish birth and family origins).

Right up to the last moment, the president seemed to hope that he could avoid appointing France's now most popular politician, and thus a potential rival, to Matignon. But, with his poll ratings languishing at just 17%, the risk-averse Mr Hollande was forced to take an unusual gamble, calculating that his woolly presidency needed a bit of Mr Valls's tough-guy tactics. Fully 61% of the French approved of the choice. By April 2nd, Mr Valls had his feet under his new desk and had picked his new government.

It was not, however, exactly the fresh "combat government" that Mr Hollande had promised. There was no change for several solid old-timers, including Laurent Fabius, the foreign minister, and Jean-Yves Le Drian, at defence. By contrast Pierre Moscovici, the finance minister, lost his job to Michel Sapin, who held the post in 1992-93 and is to have control of the budget, too. There were also some truly odd choices. Arnaud Montebourg is staying as industry minister, where he has proved unable to resist meddling in corporate affairs and exasperating foreign investors and digital entrepreneurs. So, despite recent blunders, is Christiane Taubira at justice. Ségolène Royal, Mr Hollande's ex-partner and the Socialists' 2007 defeated presidential candidate, takes over the environment portfolio, which she held in 1992-93.

The new team seems to reflect both Mr Valls's need to keep the party's left wing quiet and Mr Hollande's taste for compromise and distrust of his prime minister. As such, it hints at the constraints under which Mr Valls will operate. Impetuous at times, he is deeply distrusted by a chunk of the Socialist left wing, particularly after his hard line over evicting illegal Roma. Mr Valls has no parliamentary base, and is not known as a team player. The Greens, who were junior partners in Mr Ayrault's government, have refused even to take part in Mr Valls's government. The party's leftists blame Mr Hollande's new business-friendly orientation for the poor local-election results—and they see Mr Valls's politics as the problem, not the solution.

A former spin doctor for Lionel Jospin when he was prime minister, and communication chief in Mr Hollande's presidential campaign, Mr Valls will need more than PR skills to answer the pressing question hanging over France: is Mr Hollande serious about the new business-friendly economic policy he announced in January, but has since done little about? He promised €10 billion ($14 billion) of new payroll-tax cuts for firms, as part of a "responsibility pact" meant to encourage job creation, and pledged €50 billion of budget cuts in 2015-17 as well as (according to Mr Hollande this week) tax cuts for employees that he terms a "solidarity pact".

Mr Valls has no experience of economic policy. He is a party hack and former mayor of the multicultural suburb of Evry, best known for his tough line as interior minister on security and immigration. Yet he has also carved out a reputation as a "social-liberal", meaning centre-left moderate in the French left-wing lexicon. A one- ▸▸

time aide to Michel Rocard, a Socialist prime minister in the Mitterrand years, Mr Valls has thought hard about how to impose modern social democracy on the Socialist Party, criticising the 35-hour working week his party introduced, and arguing against selling voters "false hopes" based on a tax-and-spend doctrine.

Nobody doubts the new prime minister's energy and grit. In many ways he resembles another ambitious former interior minister who set his sights high: Nicolas Sarkozy, the former centre-right president. Like Mr Sarkozy, the Barcelona-born Mr Valls, whose father was a Catalan painter, has something of the outsider's drive and dynamism. Also like Mr Sarkozy, he is not a pure product of the French academic elite, not having attended the Ecole Nationale d'Administration, which has groomed so many prime ministers and presidents (and indeed members of Mr Valls's government), including Mr Hollande.

Yet Mr Valls will have to tread a delicate line between business's hopes and the left's fears. By mid-April he needs to present France's future budget plans to the European Commission, which has put France under special supervision, and explain how he is planning to keep the deficit below 3% of GDP next year. Recent figures showed that the pace of fiscal consolidation has slowed: in 2013 France missed its deficit target of 4.1%, ending up at 4.3%.

If Mr Valls plans to request yet another delay (and Mr Hollande this week hinted that he would), the wary commission will want at least firm evidence that he is serious about reforming public spending at home. This means spelling out budget savings and finalising the "responsibility pact", which must go to a parliamentary vote of confidence by the end of April. In short, hemmed in by fiscal and political constraints, Mr Valls may have less room for manoeuvre than he hoped—which may be precisely why Mr Hollande agreed, against the odds, to give him the job. ■

Turkey's local elections

Erdogan on a roll

ISTANBUL

The AK party wins convincingly. What next?

HE SEEMS unbeatable. Turkey's prime minister, Recep Tayyip Erdogan, secured his eighth big win in 14 years when his Justice and Development party (AK) swept to over 45% of the vote in local elections on March 30th. After facing down corruption charges, mass protests and accusations of authoritarianism, Mr Erdogan may feel emboldened to run for president in August. In an overtly polarising victory speech, he hinted as much. "We are ready to devote ourselves to whatever mission we are entrusted with," he said. He also promised to go after his enemies: "we will enter their lair. They will pay for this."

Mr Erdogan was referring to Fethullah Gulen, a Sunni cleric and former ally, who runs an empire of schools, media outlets and charities and was expected to hurt the AK party in the polls. The Pennsylvania-based preacher is accused of being behind leaked tapes that support corruption claims against Mr Erdogan, his children and various cabinet members. Mr Erdogan, who denies any wrongdoing, has resorted to a reshuffle of thousands of policemen and judges said to be Gulenists and, most recently, to a ban on Twitter and YouTube for airing the recordings.

There are many reasons for Mr Erdogan's electoral success. To many, AK means financial stability and competent management. "They may steal but they also get things done," is a frequent line from voters. Urban migration remains high and AK's seamless social services and conservative values are a magnet for new arrivals.

Erdogan rules and divides

The left has seldom won more than 30% of the vote. Even with the Gulenists' tacit backing, the main opposition Republican People's Party (CHP) trailed a distant second in the elections, with 27% of the vote. It lost narrowly in Ankara and decisively in Istanbul. In Turkey's Kurdish regions it scored a miserable 1%, not least because of its opposition to peace talks with the imprisoned Kurdish rebel leader, Abdullah Ocalan. The CHP did best where it fielded moderate conservative candidates, as in Mr Erdogan's home district, Uskudar.

The other big winner was the Kurdish Peace and Democracy Party (BDP), which called the elections "a referendum on Kurdish autonomy". The Kurds raised the number of cities under their control in the south-east from eight to 11, snatching the provinces of Mardin, Bitlis and Agri from AK. They are expected to support Mr Erdogan for president.

The big question then would be who becomes prime minister. Abdullah Gul, co-founder of AK and current president, still seems the most likely choice, unless Mr Erdogan wants a puppet prime minister so that he can consolidate his presidential power. Mr Gul has proved his loyalty. He was mildly critical of police brutality during last year's Gezi Park protests. Turning a deaf ear to rebukes from the European Union, he recently approved a law on internet censorship. He seems to have burnt his bridges with the Gulenists.

Turkey's friends (and the financial markets) would welcome Mr Gul. As foreign minister and then president, he is credited with curbing Mr Erdogan's impulsive nature. His supporters insist that concessions to Mr Erdogan are purely tactical. Once in charge, they say, he will steer Turkey back to reform and away from adventurism, particularly in Syria, where Mr Erdogan's support for the rebels is questioned by secularists and Islamists alike.

With the economy heading into the doldrums and the Gulenists unlikely to give up, Mr Erdogan may yet decide instead to junk the AK party's three-term rule and run for a fourth time. This would give him four more years of parliamentary immunity from prosecution. Some speculate that he might call a snap parliamentary election before the effects of a slowing economy kick in. Should AK win a two-thirds majority, it could rewrite the constitution to fulfil Mr Erdogan's long-held dream of being a more powerful executive president. Either way, as the elections on March 30th showed again, Mr Erdogan remains Turkey's dominant political figure. ■

Hungary's election

Four more years

BUDAPEST

Viktor Orban heads to a third term—and wants to centralise power

THE Hungarian election on April 6th is likely to bring another big victory for Viktor Orban, the prime minister. He will do more to entrench the power of his right-wing Fidesz party, showing the inability of the European Union to bring wayward members to heel. Fidesz has 33% support, say polls by Szazadveg, a think-tank. Just 19% back Unity, the left-leaning opposition alliance, 14% the far-right Jobbik and 5% LMP, a green-liberal party.

More than 400,000 attended a Fidesz rally in Budapest's Heroes Square on March 29th, reported the interior ministry. Unity's rally a day later had a small fraction of that number. The opposition is crying foul. It claims that political and electoral changes over the past four years have made it near impossible to defeat Fidesz.

"The election will be free in the sense that you can vote in a secret ballot, but not fair," says Gordon Bajnai, a former technocrat prime minister of a Socialist-Liberal coalition. "Orban is trying to build a post-Soviet country on the model of Central Asia, Ukraine or Belarus. Hungary is en route to becoming an increasingly managed democracy." But the pollsters could also be wrong, says Mr Bajnai, because many people are scared to voice opinions to a stranger. Collective folk memories from the dictatorship have returned. "Fidesz has instilled fear into the hearts of many."

The opposition's main complaints concern a new electoral law which, they say, allows the creation of instant parties, paid for with public money, that confuse voters and split the anti-government vote; new electoral districts, which they say are gerrymandered in Fidesz's favour; and ever tighter control of state television and radio. "Hungary's state media has become a mouthpiece for the ruling parties," says Amy Brouillette, at the Central European University in Budapest.

More than 200,000 ethnic Hungarians in neighbouring countries have registered to vote by post for national party lists. But Hungarians who live abroad and retain an address in the country (and who are more likely not to support Mr Orban), must register online, which many say is tricky, and then turn up at a consulate or embassy. The Hungarian embassy in London reckons 100,000 such citizens live in Britain but only around 5,000 are registered.

Mr Orban's triumph is assured in part because of a feeble opposition. Belying their political brand, the five parties that make up Unity could not agree on a common electoral list until January. Gabor Simon, a former deputy chairman of the Socialist Party, has been arrested on suspicion of tax evasion and falsifying documents. Mr Simon's lawyer insists that his client is not guilty, but as one diplomat puts it, "Orban won the election the day the news about Simon broke".

A Fidesz victory will bring four more years of consolidation, with a focus on economic policy, promises Tibor Navracsics, deputy prime minister. He rejects claims that Hungarians are scared to speak out. Nor is the electoral system rigged in favour of Fidesz, he says. "The separation of party and state is of crucial importance, a basic principle of constitutional democracy."

Changes in electoral districts were in line with suggestions by the Organisation for Security and Co-operation in Europe and the Venice Commission of the Council of Europe, concludes a recent OSCE report. "There was no gerrymandering. The distribution of electoral districts was highly disproportionate," says Mr Navracsics, adding that population differences between districts are now smaller than 3%. "First the left complained that the system was too narrow, now that it is too broad. They complain that the system is undemocratic, then that it is too democratic."

Meanwhile, the far-right Jobbik party is playing a long game, aiming at young, first-time voters. Jobbik's leaders have toned down the party's anti-Semitism and anti-Roma rhetoric. "Jobbik no longer focuses on enemies. It has remodelled itself as a modern, trendy and youthful party," says Peter Kreko of Political Capital, a think-tank. It seems to be working: the party has doubled its support in six months. ■

Water in Berlin

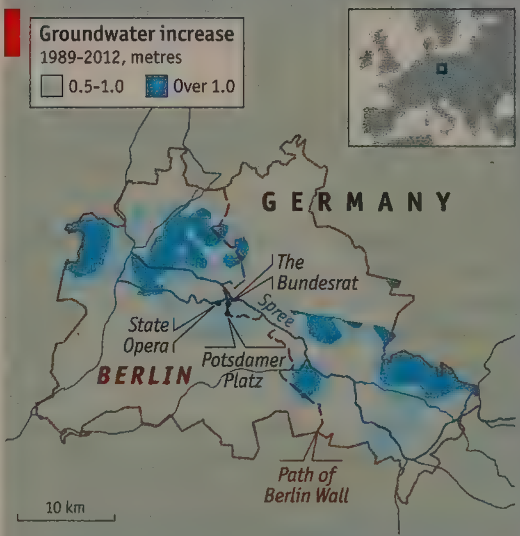
The moisture down below

BERLIN

The capital's groundwater is rising to dangerous levels

LAS VEGAS or Los Angeles would love to have Berlin's problem: too much water. In the Spree valley, the water table has risen in places to just 2.5 metres below ground level. With most cellars in Berlin between two and three metres deep, that means wet basements, water damage and mould. Some 200,000 people, out of Berlin's total of 3.4m, live in the worst-hit areas (see map).

The puzzle is why, since Berlin is booming, the groundwater is rising at all. The last time it was a magnet for people on such a scale was during the interwar years, when the city's population was larger than it is today. Water levels then fell as people, factories, breweries and tanneries all tapped into groundwater supplies. It hit an all-time low in the 1930s when Hitler was pumping water for his megalomaniacal projects.



After 1945, when industry all but halted, the water level began rising. But it fell again after West Berlin recovered in the *Wirtschaftswunder* (economic miracle) of 1950s, and because the communists kept prices artificially low and East Berliners used water greedily. But then came unification in 1990. The Ossis of the former East Berlin began conserving water when it became more expensive. And Berliners in east and west alike started to save more, because they were now good, green Germans. Industry returned, but in the form of lawyers and techies sipping cappuccinos, not widget-makers pumping water. Since the fall of the Berlin Wall in 1989, the groundwater level has risen by over half a metre.

This now threatens much of the Berlin that tourists see. When Potsdamer Platz, formerly in the Wall's death strip, was remade into its present, modern form, garages had to be built behind dams to keep out the water. The State Opera at Unter den Linden, facing the square where the Nazis burned books in 1933, is temporarily closed for renovation for similar reasons. The Bundesrat, the upper house of parliament, has had to pump water out of its basement at huge cost.

Berliners now use only about 200m cubic metres of water, whereas they should be using at least 300m, says Manfred Schafhauser, a geologist who did a study for the local chamber of commerce. But those extra 100m would be bigger than Berlin's two largest lakes combined. And as all Europeans know, it's hard to get Germans to stop saving.

Charlemagne | Trading places

How China is affecting Europe's position in the world

NOTHING could be better designed to reassure Eurocrats that Europe remains a force in the world than the arrival in Brussels of the leaders of America and China, the two biggest economies, within days of each other. Barack Obama and Xi Jinping both paid homage to the European Union and sought better trade relations with Europe, the world's biggest exporter. But there the similarities end. The American president talked mostly of universal values and security as he girded the transatlantic alliance to confront a newly aggressive Russia. Xi Jinping spoke instead of reviving the Silk Road and was non-committal over Russia's annexation of Crimea.

Europe is eager to do an ambitious transatlantic trade deal, but lukewarm about Mr Xi's calls for a separate EU-China trade pact. Europe's dealings with China are still marked by suspicion, not to say incomprehension. What to make of the gift by Angela Merkel, the German chancellor, to Mr Xi, for instance? Whether by error or design, Mrs Merkel gave him an 18th-century map that excluded Tibet, Xinjiang, Mongolia and Manchuria from China's domains; it also seemed to exclude the islands of Taiwan and Hainan. Official Chinese media either ignored the map or substituted it with a 19th-century one that showed China extending all the way into Siberia.

Such missteps aside, Europe's nervousness about the emergence of China has abated of late. Perhaps Europeans feel more secure, having survived the euro crisis. Or perhaps they have become more pragmatic, realising that they need China to boost their anaemic growth. Rather than fretting that China is buying European firms on the cheap, European governments these days are competing to attract Chinese investment (see page 58).

It helps that China has become more tractable in trade disputes. The two sides have settled a long row over underpriced Chinese solar panels. Ahead of Mr Xi's visit, China also dropped its threats to penalise imports of wine and polysilicon (used to make solar panels); and the EU dropped charges of alleged dumping by Chinese makers of telecoms equipment (though not an inquiry into alleged illegal subsidies). The EU likes to think the change is a response to its more muscular approach. More likely, it reflects China's worry about being excluded from a series of interlocking trade agreements that America is negotiating with the EU, with countries of the Pacific and with selected partners to liberalise trade in services.

"The Chinese are difficult but you can negotiate with them and they will usually respect the deal. With the Russians it's impossible," says one figure in Brussels. Mr Xi put it more poetically in *Le Soir*, a Belgian newspaper. "Rocks cannot interrupt the course of a river in its tumultuous voyage to the ocean. I am convinced that no problem or difference can halt the march of Sino-European friendship and co-operation."

More than Sino-European relations, though, the unstoppable river may be the flow of Chinese goods around the world. A recent paper for Bruegel, a think-tank, co-written by Jim O'Neill, a former Goldman Sachs economist who coined the term "BRIC" (for the fast-rising economies of Brazil, Russia, India and China), predicts some striking changes. China has already overtaken America as the biggest single trader and will match the EU by 2020. By then, China's share of global GDP (measured at purchasing-power parity) will also probably surpass the EU's. Some European countries will lose their share of global trade faster than others. On current trends, by 2020 China will become the biggest single destination for German exports (overtaking France) and the second-biggest for France (displacing Belgium, but still behind Germany). Italy and Germany will export more to emerging and developing markets than to their euro-zone partners (unlike France, Spain, Belgium and the Netherlands).

All this raises some big questions. Internationally, it will be ever harder for Europeans to justify their disproportionate seats and voting weights in the IMF and World Bank. That may push some to reconsider the idea of a single seat for the EU or perhaps the euro zone. At home, the implications may be harder still. If European countries trade more with the outside world than with each other, the commitment to a single currency may weaken. Yet diverging trade patterns may also mean that euro-zone countries have to become more integrated to be better prepared to resist asymmetric shocks from external partners.

Europe and Chimerica

Some Europeans console themselves with the thought that the Chinese miracle cannot last for ever. They also hope a transatlantic deal will allow America and Europe to set global trade rules and standards for years to come. When it comes to China, Europe wants first to test its readiness to open its markets through an investment agreement before thinking of a wider trade pact.

Yet a transatlantic trade deal could easily be halted by political obstacles. Mr Obama has already told Europeans in private that they need the agreement more than the Americans do. And he has warned them that America would not tolerate an agreement that, together with the euro zone's deflationary policy, serves only to increase Europe's trade surplus, particularly with America. Mr O'Neill says that, in any case, trade deals will not do much to alter underlying trends, even if China's growth slows.

So although recent visits flatter some in Brussels into thinking that the EU can be part of a G3 with America and China, Europe remains the weakest link. The EU's exclusive competence in trade gives it real bargaining power. But the single trade policy, like the single currency, makes sense only as part of an effort to stimulate liberalisation and economic dynamism at home. Anything less will be swept away by the flow of globalisation. ■

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Politics

Winding down

Over a year before the general election, Parliament is already clocking off

PARLIAMENT feels different from usual. The lobbies and corridors are quieter. The queues in the canteens are shorter. Records of internet activity in the Palace of Westminster show that monthly visits to YouTube have overtaken those to Parliament's information pages. Visits to cricket websites are up, too. The division bells still ring in MPs' offices to announce votes and the wood-panelled committee rooms are still busy—but debates tend to be on independent (and sometimes eccentric) initiatives by MPs rather than on government bills. Each seems to be doing his own thing.

Britain's Parliament normally stands out for its raucous debates, its might and its bustle. Unlike America's Congress, it is not prone to long spells of deadlock; unlike France's National Assembly, it is not subordinate to a monarch-like president; unlike the German Bundestag, regional legislatures do not dilute its power. And not long ago it was a whirlwind of activity. In the 2010-12 session the Conservative-Liberal Democrat coalition passed 42 bills overhauling the national finances and most major public services.

But last year's Queen's Speech introduced just 15 bills, several of them minor. With seven weeks left in the parliamentary year, MPs have passed only 801 pages of government legislation (excluding money-raising measures and bills mostly debated in the last session). Even in the unusually short 2012-13 session they managed more than twice as much. Thirteen months before the next general election, the legislative motor is spluttering.

Why? "They passed a hell of a lot of legislation in early sessions, much more so than Blair or Thatcher," explains Peter Riddell of the Institute for Government. So the government soon ran out of policies that both sides of the coalition found acceptable. It is now stuck. Having fixed the parliamentary term at five years, it must sit out the remaining months.

The slumber of all parliaments

Amid the torpor, minds are turning to the election. "A year ago all the conversations were about policy; now it is positioning and campaigning," observes one MP. Those with swing seats, particularly Lib Dems who need to overcome their party's poor polling, are using the quiet time to woo constituents. Some spend as little as a day a week in Westminster.

Other MPs are away from Parliament for different reasons. For those with comfortable majorities, foreign junkets and media careers beckon. "I've never had more time to write," chuckles one. So occupied are some MPs with their second jobs that Andrew Lansley, the leader of the House of Commons, is said to have reminded them that their first duty is to their voters. Scottish MPs have a less cushy distraction: canvassing voters ahead of the referendum on independence, which will take place in September.

Those left in Westminster spend their time on three main things. One is scrutiny. Since 2010 select committees have been elected by MPs rather than by party bosses. That has enlivened them. They are busy holding the government to account and, in the case of the Consolidation Bills committee, tidying up outdated legislation. One recent victim was a series of 19th-century laws governing the railways in Imperial India. "The romantic in me was rather sad to see them go," says Robert Buckland, one of its members.

Others pursue idiosyncratic political campaigns. Peter Bone, an outspoken Tory, is trying to rename the August Bank Holiday after Margaret Thatcher. Other campaigns concern bread-and-butter matters like household bills and consumer rights. Robert Halfon, the Conservative MP for Harlow, a blue-collar town in Essex, is especially prolific. His Additional Charges for Utility Bills Not Paid by Direct Debit (Limits) Bill awaits its second reading. In the lobbies and tearooms these campaigning MPs seek their colleagues' support for such private members' bills, Early Day Motions (short written declarations) and backbench debates.

Other parliamentarians are busy agitating within their parties. Pressure groups of MPs are becoming more vocal, and new ones like Renewal (a campaign for working-class Conservatism) and One Nation (a gang of young Labour MPs) have sprung up. Some of these publish reports and papers, others host guest speakers. "Every five minutes there is another bloody sup- ▸▸

Internship: The Britain section is looking for an intern to work for several months this summer. Applicants should send a cv and an article of 600-700 words suitable for publication in the section. A stipend will be paid. Applications must reach us by May 3rd at britainintern@economist.com

per club," groans one MP in a marginal seat. These gatherings mostly serve as networking opportunities. More troublingly, for party leaders, they are also perfect places for idle hands to make trouble: for leadership pretenders to peacock and for disgruntled MPs to plot and scheme. Tory backbenchers have taken to gathering signatures on letters grousing about government policy.

The depth of Westminster's legislative lull may be unusual, but it is not entirely new. In the 1850s the *Spectator*, a news magazine, reported that Parliament was so quiet "you may hear a bill drop." In the 18th century MPs could talk for as long as they liked—and often did—as their colleagues ate oranges and cracked nuts. Something for MPs to ponder, in between doing not very much. ■

Commuting

Metroland spreads out

The cost of Britain's strict planning laws is measured in longer commutes

BORIS JOHNSON, the mayor of London, says his city is like a "gigantic undersea coelenterate" sucking talent and people from the rest of the country and from abroad. And so it is. Between 2001 and 2011 London's population grew by fully 12%. But this is to understate the pull of London and other successful British cities. They are less like jelly fish and more like octopuses.

In the 1980s few people in England and Wales travelled more than ten kilometres to work, with most of the exceptions in the "stockbroker belt" surrounding London. Since then, population growth in cities like London and Manchester notwithstanding, commutes have become ever longer. New figures show that the average journey to work grew from 13.4 kilometres in 2001 to 15 kilometres in 2011. Middle-aged men have the farthest to go (see chart).

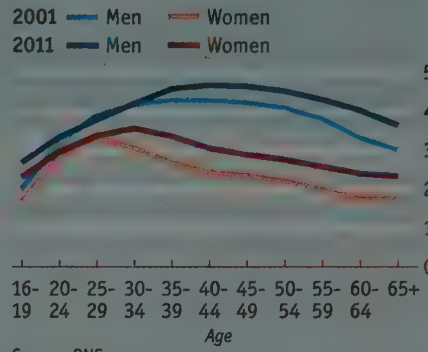
The shift from manufacturing to services and the rise of dual-earner households are driving this trend. Better transport means people can travel farther, too. Though most people still commute by car, rail travel increased by 37% between 2001 and 2011.

Another cause is Britain's tight planning rules, which make building on the fringes of big cities very difficult. The combination of high demand and limited supply has the expected result: according to Nationwide, a building society, house prices in London increased by 18.2% over the past year, compared with 9.2% across Britain. So commuters are forced ever farther out. Mr Johnson's remit does not yet cover them. But the mayor, like his city, grows in power and ambition.

Longer way home

Regular commuters travelling more than 10km

% of total



Source: ONS

Ever-smaller offices

Pressed suits

Feeling a bit cramped? Blame management theory

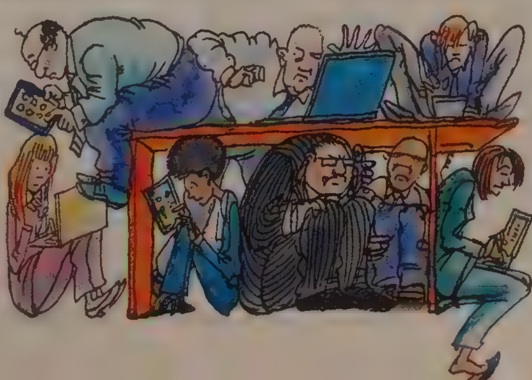
"PROJECT gold" and "Project Nexus" sound like plans for bank heists or military assaults. In reality, they are the names for KPMG's ongoing attempt to squeeze its 6,700 London employees into ever smaller spaces. Since 2006 the professional-services firm has reduced the number of offices it uses in London from seven to two. By the spring of 2015 everybody will be crammed into one building in Canary Wharf.

According to data from the British Council for Offices (BCO), an industry club, the average office tenant now uses around 11 square metres per worker, 35% less than in 1997. A new building in Ludgate Hill, in London's financial district, will allocate just eight square metres to each employee. In many offices, rows of "hot" desks have replaced individual offices and even cubicles. "Nowadays it's almost frowned on to have your own office," claims Nick Wentworth Stanley, of i2 Offices, a big serviced property firm.

Firms have long known that only about half of all desks are in use at any moment, as employees work odd hours or disappear to meetings, but it was difficult to fill the spares. Better IT systems now mean that people need not be tied to a particular desk. They need not even be in the office at all: as cloud computing and virtual offices take off, more people are working from home or from other places, further reducing the need for desks.

Aside from cheapness, there is a motive behind this squashing. Inspired by Silicon Valley, firms are trying to make their offices into "collaborative spaces", where people bump into each other and chat usefully. KPMG's redesigned Canary Wharf offices will include lots of "breakout spaces" where employees can relax, and quiet rooms where people can get away from hubbub, says Alastair Young, who is planning the move. He thinks this will both improve productivity and save money.

In this happy new world, offices are not just places to work but also a way of expressing corporate identity and a means of attracting and retaining staff. At the offices of Bain & Company, a management consultancy, inspirational quotes on walls help workers to identify with Bain's brand, explains Sam Axtell, the company's operations director. Games rooms and relaxing spaces help them "release alpha waves".



This flummery has a practical consequence: it means more workers can be crammed into the middles of cities. Fewer firms now require suburban back offices, says Sandra Jones of Ramidus, a property consultancy. Between 2001 and 2012 the number of workers employed by large firms in Croydon, on the edge of London, declined by almost a quarter, to around 34,000. In Manchester and Birmingham, too, new office jobs have been created in rejuvenated city centres at the expense of suburbs. This may be one reason commutes are lengthening (see box).

Not everyone is delighted by the rise of cramped hot desks. At Broadcasting House, the BBC's new offices in London, a shortage of good desks has led to frantic morning scrambles. A manager at a financial firm in the City complains that since his firm redesigned its office, there are only enough phones for one between two. KPMG has seen crushes at lifts and in the canteen; the crowds have also put pressure on the air-conditioning system.

A modest backlash is under way, in an unexpected quarter. Google's new offices in King's Cross will have all sorts of collaborative space. But workers will still get their own private desks. Where that company leads, others tend to follow. ■

Bagehot | The pinstriped proletarian

What other politicians should, and should not, learn from Nigel Farage

IT WAS so dark, when Bagehot first met Nigel Farage outside an East Anglian village hall, that the leader of the populist UK Independence Party (UKIP) was only visible when he sucked on his cigarette. The encounter was more than a year ago and over in seconds. But you would not guess that from the fulsome way Mr Farage describes it and the meeting of Suffolk "Kippers" that followed ("it was like the black hole of Calcutta in there!") Assailed by his blokeish charm, at UKIP's swanky new Mayfair office, your columnist reflects that Mr Farage is not only an unusual British politician, with his spivvy pinstripes and jackanapes gags, but also unusually good.

It is said he rarely forgets a face, which is amazing, given the quantity of ale he sinks on the campaign trail. And given the thousands of miles he covers, as the talismanic leader of possibly the fastest-growing party in British political history. In tough times, UKIP's blend of Euroscepticism, mild xenophobia and yearning for the old, conservative Britain that Mr Farage's hail-fellow bonhomie recalls is political dynamite. The party has roughly doubled its membership in three years, to 35,000, and is expected to top Britain's elections to the European Parliament in May. As the first truly national political movement to emerge in Britain since the Labour Party in the late 19th century, UKIP has shaken British politics. If its mainstream rivals are wise, its insurgency will also inspire a more profound democratic overhaul.

No longer able to dismiss the party as a bunch of "fruitcakes, loonies and closet racists"—as the Tory prime minister David Cameron once did—they are scrambling to understand and maybe emulate it. A general rise in populism is a sign of this: including Labour's serial apologies for the mass immigration its governments allowed and Mr Cameron's promise of a referendum on Britain's EU membership. So was a televised debate on April 2nd between Mr Farage and Nick Clegg, leader of the Liberal Democrats, on Britain's EU membership. Struggling in the polls, Mr Clegg wanted to tap Mr Farage's popularity—though, in the event, the UKIP leader battered him with savvy putdowns.

UKIP's established rivals are right to be anxious. The party's rise has mainly damaged the Conservatives: a bit under half of UKIP voters are reckoned to be disaffected Tories. But the other two main parties have supplied most of the rest, and Labour's losses are expected to grow. Mr Farage predicts UKIP's spending on the European Parliament elections will be concentrated in the Labour strongholds of the post-industrial Midlands and north. Yet mainstream politicians will not see off UKIP by rivalling the populism of a party whose 2010 election manifesto amounted to £120 billion in unbudgeted spending pledges. Instead of trying to copy it, they need to consider why it is so popular.

With its roots in a Eurosceptic pressure group, formed by academics with a view to getting Britain out of the European Union, UKIP had until recently little to say on any other issue. That changed in the run-up to the 2010 general election, when the party began to connect Euroscepticism with public hostility to immigration from Europe, in increasingly propitious circumstances. Mr Cameron's efforts to modernise his party, by stressing such lofty metropolitan concerns as gay rights, alienated traditionalists, while the euro-zone crisis boosted Euroscepticism. The Lib Dems' decision to go into coalition with the Tories created a vacancy for a protest party. Almost accidentally, UKIP had discovered its core constituency—aggrieved, and deeply pessimistic, working-class white men. They are the Britons who have proved least adaptable to globalisation. They also feel least represented by the middle-class, Oxbridge-educated political class that rules the country, whichever party is in power. It is this disgruntlement that Mr Farage, almost alone in his party of, to be fair, quite a few nutters and fruitcakes, has proved most adept at speaking to. When he castigates his rivals as "cardboard cut-outs", for their similar backgrounds and almost total lack of professional experience outside politics, he nails an important truth.

That is not all that can be said for his party, which is much less objectionable than many of the populist outfits growing across Europe. This reflects Britons' historic wariness of hate preachers, which UKIP's rise has in fact reinforced, by hastening the demise of the racist British National Party. But that does not mean the party has good answers to the problems its leader outlines. It is economically illiterate and wrong on every big issue. And Mr Farage can be horribly cynical. When your columnist put it to the UKIP boss, who lives partly in Brussels and is married to a German, that he simply did not believe his claim to feel "uncomfortable" at the babble of foreign languages on British public transport, Mr Farage blustered unconvincingly.

UKIP if you want to

That is why younger, better-educated voters—especially female ones—are warier of UKIP. And given Britain's first-past-the-post system, this may be enough to stop it winning any seats in next year's general election. But that is nothing to celebrate. It would mean the party was sufficiently powerful, in a crowded field, to influence the composition of Britain's next government, but not to provide its core supporters with the representation they crave. Instead of improving British democracy, Mr Farage's insurgency would have exacerbated one of its biggest weaknesses.

So it would be better for the mainstream parties to undertake remedial action themselves. There are no easy answers for disaffected Britons fighting the economic currents. But there are some difficult ones. Britain needs a more diverse political class than the increasingly professionalised and homogeneous one it is getting. More urgently, it needs party leaders to start prizing creative thinking—especially about the country's left-behind—above personal loyalty. That would be a boon for everyone, not just the aggrieved minority whom Mr Farage has helpfully identified. ■

Also in this section

Post-conflict societies

To hell and back

KIGALI

How nations torn apart by atrocity or civil war can stitch themselves together again

FEW pages of history are as hard to read as those describing Rwanda between April and July in 1994. Working by hand rather than with the industrial methods that the Nazis used to kill Jews, and at more than three times the speed of the Holocaust, militias known as *Interahamwe* from the ethnic Hutu majority, and others, slaughtered at least 800,000 Tutsis (and Hutu moderates) to remove them from shared land. They raped, tortured and dismembered in hospitals, schools and churches. "The *Interahamwe* made a habit of killing young Tutsi children, in front of their parents, by first cutting off one arm, then the other," a UN official in the country recounted afterwards. "They would then gash the neck with a machete to bleed the child slowly to death but, while they were still alive, they would cut off the private parts and throw them at the faces of the terrified parents who would then be murdered with slightly greater dispatch."

On April 7th Rwandans will mark the 20th anniversary of the genocide sombrely and peacefully. Their Tutsi-led government stands out for its competence. Around 90% of Kenyans and South Africans worry about corruption; in Rwanda the share is 5%. Life expectancy is twice as high as before the genocide. The economy grows year after year at more than 8%. Though Tutsis are the biggest beneficiaries, Hutus are not excluded.

Memories linger. The rainy season, which coincided with the genocide in 1994, is hard, not least since skeletal remains still poke out of the ground after downpours. But Rwanda's terrible history dominates neither public life nor private conversation as it did even a decade ago.

South Africa, which celebrates the 20th anniversary of its first post-apartheid poll on April 27th, has also moved a long way from its hate-filled past. Race remains a delicate subject. Unemployment is severe and the rate of violent crime sky-high. But the campaign for the general election on May 7th is a display of self-confident democracy in action: a carnival of banners and bombastic prayers, with a record number of parties on the ballot.

Some societies manage to heal the deepest of wounds. As well as the humdrum work of disarming combatants, repatriating refugees and so on, those that succeed also pursue three more ambitious aims: the commemoration of the victims, economic development and (temporarily) the restraint of social divisions.

Commemoration reassures survivors, and all those who doubt the sincerity or durability of peace agreements. Without it, re-establishing intercommunal relations is hard. The bodies of thousands of Tamils killed by Sinhalese forces in 2009 have never been given a decent burial, poisoning Sri Lanka's politics. Few have been as diligent as the Germans, who created a compound noun, *Vergangenheitsbewältigung*, which roughly translates as "the struggle to come to terms with the past". Any lingering anti-Semitism is roundly condemned by politicians and other public figures. After building a Holocaust memorial in Berlin's government quarter and rebuilding synagogues, Germany now has one of the world's fastest-growing Jewish communities. "Jews here feel not just welcome, but understood," says John Feinstein, a transplant from New York.

The chance of a share in new prosperity can help draw warring groups closer—though it is not enough on its own. After decades of hostilities, bush fighters from Renamo and Frelimo, rival factions in Mozambique, struck an on-and-off peace deal in the hope of economic benefits. But repeated promises of a "peace dividend", with economic growth and a boom in foreign investment, were never enough to bring an end to Sri Lanka's long civil war.

Most nations that heal well are functioning democracies. Day-to-day negotiations in a legislature chip away at the zero-sum mentality of the battlefield. Northern Ireland's hard men now sit together at the cabinet table, seemingly with relative ease.

But enforcing new norms to replace those that drove the conflict can require measures that in other circumstances would be illiberal. Until recently, Germany banned reprints of Hitler's manifesto, "Mein Kampf". (Internet downloads and its copyright ending changed officials' minds.) Philosophers talk of the "paradox of tolerance": that upholding tolerant values may require intolerance of bigots. John Rawls, a liberal American philosopher, argued that keeping an endangered group safe may justify a measure of intolerance.

Rwanda has far overstepped this mark. It is an autocracy, though one run by often reasonable Tutsis with an understandable fear of the *génocidaires* regaining power. At ▸▸

the last presidential election Paul Kagame, who led the rebel forces that defeated the *Interahamwe* 20 years ago, received 93% of the vote. He has turned out to be an impressive technocrat—but one who brands his opponents, including some former allies, enemies of the state. South Africa has accused him of sending assassins to kill dissidents living in exile in Johannesburg. Independent parties and media are cowed by the security forces.

For now, this illiberalism coexists with social peace. Kigali, Rwanda's capital, is one of Africa's safest cities. But it risks sowing the seeds of a new conflict, either among the Hutu extremists who still populate the forests of Congo across the border to the west, or within the Tutsi camp, once known for its cohesion and discipline but now increasingly divided.

Where a post-conflict country remains intact, so that former mortal enemies are forced to live together, new leaders must choose between justice and reconciliation. South Africa opted for organised leniency; perpetrators who gave accounts of their actions to the Truth and Reconciliation Commission were eligible to apply for an amnesty. Much goodwill flowed from the proceedings. But many bloodied societies reject the very idea. The UN noted in a report that "in Kosovo, the very word 'reconciliation' is so charged for the Albanian community that it is simply not used."

Rwanda initially sought mass prosecutions. At one point 120,000 alleged *génocidaires* were locked up awaiting trial. The worst villains were judged at an international tribunal, held in Tanzania, but most were eventually sent to home-grown lay tribunals when the national courts could not cope. Punishments were doled out unevenly. By now, many killers have returned home and the government wants to move on, though most Rwandans struggle with the notions of forgiveness and repentance.

Which path to take depends on the nature of the conflict. Rwanda's genocide was planned by a relatively small group, who then hid or fled, even if others helped carry it out. Blame was easier to apportion than in South Africa, where the pro-apartheid National Party won election after election.

The worst choice is to duck the question. The initial reluctance of elites in former Yugoslav states to send war criminals to international courts left victims fearful that the butchers might return to power. The presence of unrepentant former warlords in Liberia hinders compromise and fans old grievances. The multi-ethnic government that came to power after South Sudan won independence in 2011 promoted neither reconciliation nor atonement. Barring those who failed to admit to the blood on their hands would have signalled the cost of violence. In recent months, as South Sudan's leaders have fallen out, the sad old fight has resumed. ■

Illiterate voters

Making their mark

MUMBAI

Teaching those who cannot read how to vote makes for cleaner, fairer elections

SUVARNA PADEKAR cannot read. "It hurts," she says, but she manages to get by as a cook in Mumbai. Each morning her employers let her know what food to prepare by leaving pictures of vegetables, rice and so on stuck to the fridge. Soon Mrs Padekar will pick her favourite from similar images—at the voting booth. Almost 815m people will be eligible to vote in India's general elections, which start on April 7th (see page 20). About a quarter are illiterate and will identify their choices by party symbols such as a hand, lotus, or elephant.

Illiterates are a big share of the electorate in several other countries going to the polls this year, including Afghanistan (on April 5th), Brazil, Iraq, Malawi and Mozambique. Compared with their compatriots who can read, they will be less likely to cast a vote at all, and more likely to spoil their vote if they do. Illiteracy rates are higher among marginalised ethnic minorities and the poor: 5-35% for Roma (gypsies) in European countries, for example. Far more women than men are illiterate in Africa, much of Asia and the Middle East.

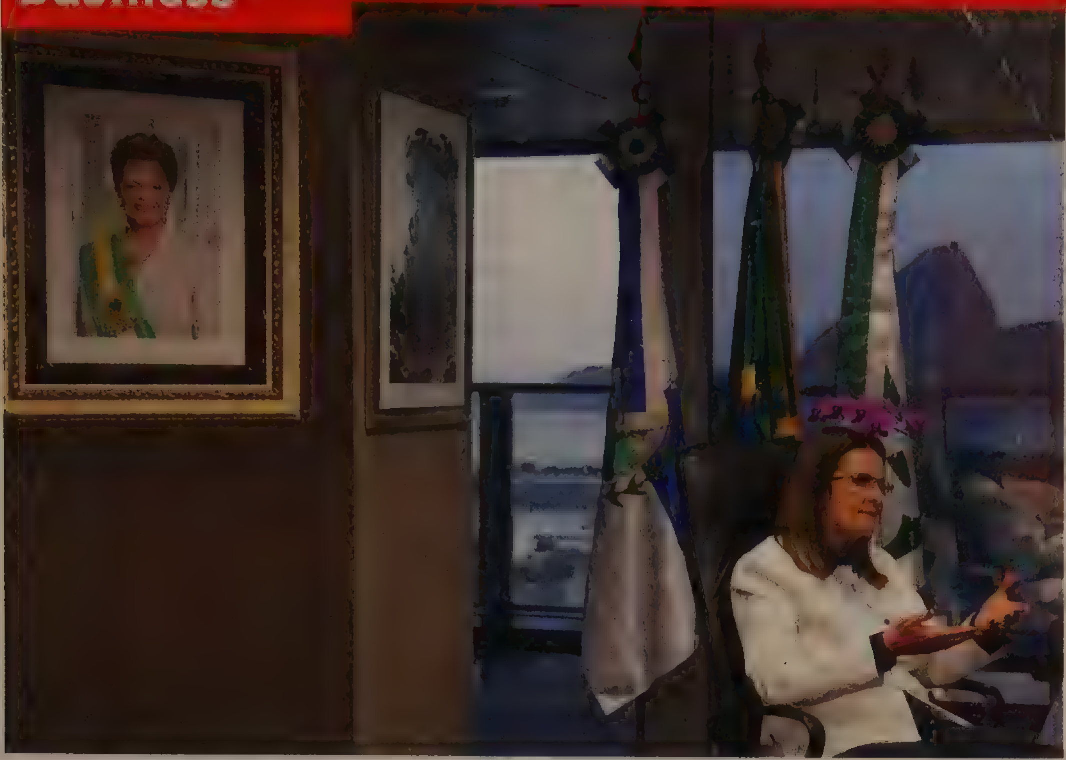
Illiterates are also more likely to be persuaded to sell their votes, or tricked or intimidated into voting for crooks and thugs. Mrs Padekar admits to voting for a generous candidate in the most recent local elections: she and her friends got a taxi ride to the polling station, cash, saris, prayer utensils and a free trip to a famous temple. ("Ask god to elect me," he told them.) Politicians in eastern and central Europe sometimes pay loan sharks to buy the votes of Roma who owe them money, says Zeljko Jovanovic of Open Society Foundations, a group that campaigns for Roma inclusion. A 2011 paper by Toke Aidt, Miriam Golden, and Devesh Tiwari found that India's political parties are more likely to field candidates who face criminal allegations in districts where illiteracy rates are higher, and such candidates depress turnout. This they attribute to shady politicians preferring to stand where it is easier to intimidate opponents' supporters away from voting.

Simplifying voting procedures is the first step to ensuring that illiterates can cast informed and valid votes. India pioneered voting with symbols in 1952. (New parties must now choose from an unappealing list of still-available symbols, including the toothbrush and the nail-clipper.) Many African countries put photos as well as names on the ballot paper; Gambians vote by dropping marbles in drums blazoned with candidates' faces. The marble strikes a bell inside to ensure only one vote is cast; to avoid confusion, bicycles are banned near to polling stations on election day.

Electronic voting machines can help, but only Bhutan, Brazil, France, India and Venezuela use them nationwide. Until the late 1990s Brazilian voters had to write their candidate's name or electoral number on the ballot. Nowadays, they need only type a candidate's number on a voting machine the size of a cash register, and confirm their choice after seeing a photograph. The machines' introduction cut the share of spoilt votes from 23% to 11%.

Voter-education campaigns matter, too. Kenya has an automated helpline explaining how to vote. Face-to-face methods include lessons using picture guides, street theatre and election-day simulations. A door-to-door campaign in a rural area of Pakistan where less than 20% of women had been to school saw more women voting and fewer picking the same candidates as their male relatives. But voter education is weak in most places, says David Carroll of the Carter Centre in Atlanta, which monitors elections worldwide.

Thomas Fujiwara of Princeton University used the phased introduction of voting machines in Brazil to study their effects on health-care spending: regions where they were being used spent more than those yet to make the switch. He concluded that by making the votes of poor, illiterate voters more likely to count, the machines encouraged politicians to cater to their concerns. Screening debates between candidates at polling stations in Sierra Leone boosted the showing of better-qualified politicians. In Benin, where campaign rallies are all about distributing cash and promises of patronage, holding town-hall meetings instead cut clientelism among voters. The very steps that elicit informed votes from those who cannot read seem to make for better election outcomes all around. ■



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Petrobras

Two heads are worse than one

RIO DE JANEIRO

Brazil's state-controlled energy giant, under Maria das Graças Foster, is paying dearly for meddling by Dilma Rousseff's government

"UNIQUE." That is how Credit Suisse, a bank, sums up Petrobras. It has a point. Most companies' stocks would sag on the sort of news Brazil's oil giant has faced in the past three weeks. A federal investigation was opened, into alleged backhanders paid to its employees by a Dutch company in exchange for oil-platform and drilling contracts. (Both companies deny the allegations.) A parliamentary inquiry is imminent, into the purchase in 2006 of a refinery in Texas which cost $1.2 billion but is now worth no more than $180m. A former director has been arrested in a money-laundering probe. If that were not enough, on March 24th Standard & Poor's, a ratings agency, downgraded its corporate debt. Yet Petrobras's shares have risen by 30%.

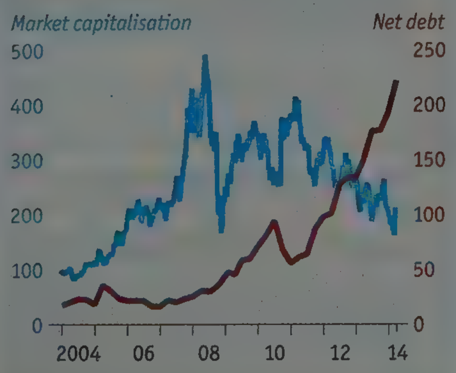
The reason for this seemingly irrational exuberance is that investors consider Petrobras's prospects to be inversely linked to those of Brazil's government, led by the president, Dilma Rousseff. The rally began with rumours (later proved premature) that Ms Rousseff's poll lead over her likeliest challengers in a presidential election this October was dwindling. The government owns a majority stake in the company and makes most of the strategic decisions over the head of Maria das Graças Foster, the chief executive.

These, the market feels, have been disastrous. The company is required by law to hire and buy parts from an inchoate local oil-services sector, leading to delays and cost overruns. It was told to build unviable refineries in the poor north-east to promote regional development. It is also the only principal operator allowed in vast, ultra-deep *pré-sal* (beneath the salt) fields discovered in 2006 off Brazil's coast. This monopoly is a curse as well as a blessing: Petrobras is obliged to devote resources to the *pré-sal* that might be better employed elsewhere. Despite debt-fuelled investment of roughly $40 billion a year, production has flatlined at around 2m barrels a day (b/d) in the past three years.

Most damaging, says Adriano Pires, an energy consultant in Rio de Janeiro, "Petrobras is being misused as a tool of macroeconomic as well as industrial policy." Since 2006 the government has capped petrol prices to curb inflation. Unable to meet rising domestic demand with what it produces, the company has to import petrol and diesel, which it must then sell at a loss. This has cost it an estimated 48 billion reais ($21 billion) in the past three years alone—and makes Ms Foster possibly the only oil boss in the world praying for lower petrol prices.

Borrowing but not boring

Petrobras, reais bn



Source: Bloomberg

All this has left Petrobras overstretched and underperforming. It is the least profitable of the world's big oil firms, reckons Credit Suisse. Its market value has fallen by almost half, from 405 billion reais shortly after a public share issue in 2010 to 209 billion reais today (see chart).

Hopes that Ms Foster, a career engineer and chum of Ms Rousseff's, would turn the company around have proved forlorn. Widely regarded as clever and honest, she has done plenty of things right since taking the helm two years ago. The recent scandals pertain to events that predate her tenure. She replaced a management team dominated by political appointees with abler experts and returned some resources to maintaining mature fields, whose output suffered as attention turned to the *pré-sal*. She has also trimmed costs.

But Ms Foster's "rough and authoritarian" manner has alienated the ranks and stifled critical thinking, says a former executive who used to work with her. With little room for cost-cutting in the heavily unionised, 86,000-strong workforce, she has tightened the screw on suppliers. "She is killing the supply chain," laments the boss of a struggling medium-sized firm. Even small contractual claims can now take up to a year to resolve. That not only chokes suppliers but undermines Petrobras's own operations, which rely on their products. It also contradicts the government's loud support for local industry, remarks this boss. ▸▸

Ms Foster's main failure, however, was that she did not convince Ms Rousseff to let domestic petrol prices rise, says Wagner Freire, an oil expert and a retired director of Petrobras. Investors at first gave the untested Ms Foster the benefit of the doubt because they believed she had the president's ear. Last October she seemed close, announcing that a transparent new price formula would be put in place. But she had to backtrack after herself getting an earful from Ms Rousseff.

Still, João Castro Neves of Eurasia Group, a risk consultant, thinks that the situation has reached a critical juncture. Domestic petrol prices will have to go up, regardless of who wins the election, he says, "as a matter of necessity, if not conviction". Congress is rumoured to be considering the easing of local-content and lead-operator requirements in the *pré-sal*. If this happens foreign oil companies are likely to pile in, boosting the domestic industry which will cater to them. Mr Castro Neves believes the auction last year for the right to tap the Libra *pré-sal* field, which raked in $15 billion from a consortium of European and Chinese firms, was the last big concession deal on the old, stingier terms.

Petrobras has a lot going for it. It boasts reserves equivalent to 17 billion barrels, not counting the potential *pré-sal* riches which could be the world's biggest. Last year it managed to install nine platforms at sea, a remarkable achievement, says Cristian Silva of Gaia Partners, an oil-services firm. Its *pré-sal* wells now pump 400,000 b/d, up from 70,000 b/d two years ago. In finding oil and getting it out of the ground, Petrobras is the second-most-lucrative among the oil giants, according to Credit Suisse. Investors still harbour hopes that it can reach its goal of doubling production to 4.2m b/d by 2020 (the company expects a 7.5% rise this year). An $8 billion debt issue in March was three times oversubscribed. Despite the ratings stumble, Petrobras retains investment grade.

Petrobras is unlikely ever to be a normal company. But with less political meddling it could be profitably unusual—perhaps even unusually profitable. ■

General Motors' woes

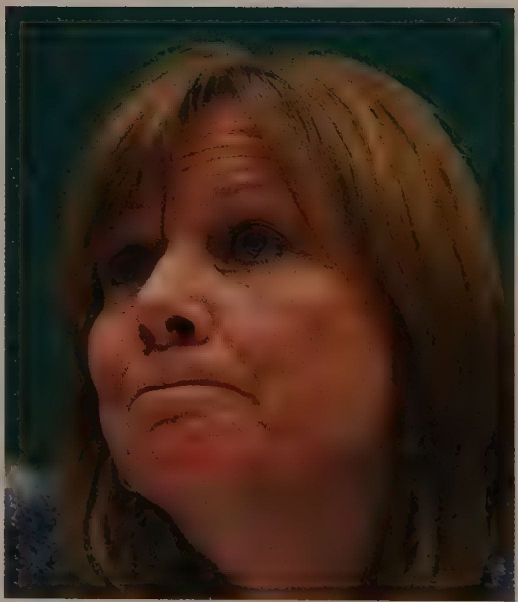
What do you recall?

DETROIT

GM is forced to confront its faults

WHEN Mary Barra took the wheel at General Motors in January she inherited a company in good shape. Five years after bankruptcy, its profits were exceeding expectations and its share price was rising. But the new boss's to-do list was long: fixing GM's loss-making European arm, keeping up momentum in China amid signs of a slowdown and rejuvenating the product line. Ms Barra's predecessor, Dan Akerson, warned her that she would also face "curve balls". The first has arrived sooner than she might have expected.

What appeared to be a routine recall in mid-February of about 800,000 older models, linked to a faulty ignition switch, has turned out to be anything but. The number of cars recalled has leapt to more than 2.6m. The company's inept handling of a safety problem that first became apparent a decade ago is now linked to the deaths of at least 13 motorists. Called before Congress on April 1st to answer for GM's failings Ms Barra said she was "deeply sorry" but insisted that the post-bankruptcy "new GM" was not like the "old GM", which had failed to deal with the ignition switches for years. Politicians and the public alike want to know how such a problem could have remained unaddressed for so long.



Barra's embarrassment

Cars are becoming ever more complex machines, with thousands of mechanical and electronic parts. Recalls are not uncommon. Last year it happened to 22m vehicles in America, compared with 18m in 2012. In fact, GM was one of only three brands that recalled fewer vehicles than it sold. Niggling problems, like squeaks or rattles, that do not affect safety are more common still. They may be fixed at a routine service; the owner may never know.

The growing number of recalls is testament to an improving system for picking up faults. But it is very complicated. Dealers must record replacements of parts under warranty. The carmaker needs to spot the trend, recognise it as a problem and then determine whether or not it is a design fault that requires wholesale replacement. It relies on accurate recording of every warranty replacement in every region, says Andrew Bergbaum of AlixPartners, a firm of consultants.

This system appears to have broken down at "old GM". Ms Barra needs to find out why. At the heart of the matter is a widely used ignition switch that has a tendency to slip from the "on" position to "off" if a driver uses a heavy keychain or bounces down a rough road. A modification was made in 2008 to prevent the problem, which can lead to the engine shutting off, disabling the airbags. But despite a growing list of crashes and deaths, GM failed to order a recall for a component that would have cost a few dollars at most.

This is odd. Most carmakers want to identify and fix problems speedily despite having to bear the cost of buying and fitting a new component. A small part can do great harm, if bad publicity leads to reputational corrosion, lost sales and litigation, which in America can include hefty punitive damages. Appearing to put profits before safety is also liable to batter a firm's shares, as GM has discovered.

So far Ms Barra has handled the situation well. She seems to have acted as soon as she found out something was awry. And she has borrowed strategies from Toyota, which was forced into recalling more than 10m vehicles in 2009 and 2010 after worrying instances of "unintended acceleration". Akio Toyoda, Toyota's boss, also appeared before Congress, contrite and apologetic. GM, like Toyota, has appointed a worldwide safety tsar to cut through the bureaucracy that may have delayed action on the faulty switch. And in a frenzy of housecleaning, GM has recalled another 2m vehicles in America alone.

GM looks set to accept moral, if not legal, responsibility. The terms of its exit from bankruptcy give immunity to lawsuits for injuries arising beforehand. But GM is likely to compensate survivors and victims' families anyway.

Toyota had a terrible year after its big recalls, battered by mounting costs and falling sales. But it has since regained the lost ground. It is not yet clear how much of a hammering GM will take. But hours before Ms Barra's meeting with Congress, the Insurance Institute for Highway Safety issued a coveted "Top Safety Pick" endorsement for the new Chevrolet Malibu, one of a growing number of well-received cars from GM. That suggests it is at least on the road to redemption. ■

Health care in America

The geek guide to insurance

An attempt to change America's most arcane industry for the better

MOST Americans view health insurers only slightly more favourably than they do thieves. But a new insurance company, Oscar, wants to be an ally. "We didn't start this company because we love health insurance," explains an advertisement on the New York subway. "Quite the opposite, in fact."

Oscar is the brainchild of three young men, Joshua Kushner, Kevin Nazemi and Mario Schlosser, who love technology instead. Six months ago it began selling insurance in New York City and nearby counties. Under the rules of the Affordable Care Act, better known as Obamacare, Americans had until April 1st to choose insurance for 2014. Oscar's founders hope New Yorkers chose them. Their goal is simple—some say naive: to transform American health care.

It surely needs transforming. America spends 17% of its GDP on health, yet its people are not particularly healthy. A sick patient, trying to understand his insurance, is likely to need further care after banging his head against the wall. All this would suggest an industry ripe for disruption, in the argot of Harvard Business School, where Oscar's founders were trained.

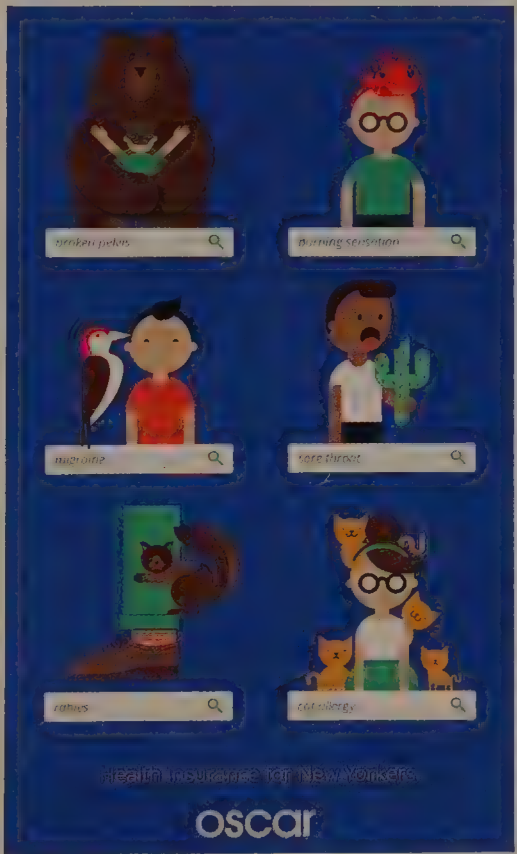
Obamacare has pushed things along. The law created "exchanges" where insurers can sell directly to consumers. McKinsey, a firm of consultants, counts 80 companies that have entered this market. Many, however, are either hospitals that have begun selling insurance or firms that already managed coverage for Medicaid, the health programme for the poor. Oscar is a rare private, independent insurer.

Mr Kushner, a venture capitalist who backed Instagram, a photo-sharing app bought by Facebook in 2012, decided to start an insurer after he opened a confusing health bill. He and his co-founders chose New York, a notoriously complex market, because they live there. But they have a sweeping vision. "A lot of the problems that we think exist in the health-insurance world can be solved with technology," Mr Kushner believes.

This ambition abuts the unfortunate reality that being an insurer is a pain. Oscar hired lawyers to gather the thousands of pages needed to apply for an insurance licence. It set aside $29m to meet New York's requirements for capital reserves. To meet strict standards for the number and location of doctors where an insurer must pay for care, it is paying another company for access to its network of clinics and hospitals. Obamacare requires companies to cover certain benefits. It also sets tight rules for the share of health costs that an insurer must pay. On top of this, companies cannot charge a sick person more than a healthy one. And in New York, they cannot vary price by a person's age, either.

Despite all these rules, Oscar hopes to differentiate itself by making good care easier to find. A patient can log on to Oscar's website and see his recent doctor's visits and drug purchases, in the same way he can see his timeline on Facebook. Enter a symptom such as "my tummy hurts" into Oscar's search engine, and the engine presents possible conditions, as well as a list of clinics and doctors, with the average price beside each option.

To encourage patients to take care of themselves, Oscar offers free generic drugs and a few free visits to general practitioners each year. Virtual doctor's appointments, or televisits, are available all day. Over time, says Mr Schlosser, "we're going to recommend care in smart ways, in the way that Amazon recommends books." This might seem creepy to some; to others, it will be helpful. And Oscar plans to do more. Its staff includes former leaders at Foursquare and Tumblr, two celebrated startups. In January it raised $30m, on top of a previous $45m, to expand its team.



We prescribe technology

All this is new and exciting. Unfortunately, insurers' success rests on two old-fashioned factors: who buys your product and whether your price covers your costs. Oscar accounted for just 2% of New York's early sign-ups. Its premiums are low, about 50-60% below those of UnitedHealth, America's biggest carrier. Mr Schlosser says that Oscar's innovations, such as televisits, will reduce costs. Mr Kushner seems unworried by bigger, older companies. "Hopefully," he says, "the rest of our competitors can copy us, because we think that's what will raise the standard of care for America." ■

Mobile phones

The rise of the cheap smartphone

As smartphones reach the masses, a host of vendors are eager to serve them

NEXT month Britons will have yet more smartphones to choose from, when devices from Wiko, a two-year-old French company, go on sale. Wiko will be hoping that its phones, which in France start at around €70 ($96), prove as popular across the Channel as at home. In 2013 nearly 7% of French first-time smartphone-buyers plumped for a Wiko, says Carolina Milanesi of Kantar Worldpanel, a research firm. In early 2014 the firm claims to have been the second-biggest vendor in France.

Wiko is not alone. In both rich countries and poor ones, cheaper smartphone brands are making inroads. Demand for pricey phones, mainly in developed economies, is slowing, but that for less expensive devices is booming. People buying their first smartphones today, perhaps to replace a basic handset, care less about the brand and more about price than the richer, keener types of a few years ago.

They are likely to pay less for a nice new smartphone than they did for their shabby old device, because the cost of making smartphones has tumbled. Vendors can buy standardised processors which chip designers such as America's Qualcomm, the market leader, and competitors such as Taiwan's MediaTek or China's Spreadtrum are scrapping furiously to provide in ever-rising quality at ever-lower prices. They choose cameras, screens and so forth to wrap around the innards, and have phones churned out in Chinese factories. Last year, says Francisco Jeronimo of IDC, another research firm, shipments of smartphones priced below $80 more than quintupled. Devices at under $100 made up ▸▸

one-sixth of the total (see chart).

At a global level, the market has fragmented: in 2013, says IDC, the share of smartphone shipments by vendors outside the top five was 40%, twice as much as in 2009. In national markets, local names unfamiliar elsewhere, like Wiko, are prominent. Micromax and Karbonn rank second and third in India, according to IDC. Symphony is thought to have more than half the market in Bangladesh; and Walton, an electronics firm, has branched successfully into smartphones, notes Holger Hussmann of Telenor, a Norwegian mobile operator with interests in Asia and eastern Europe.

The declining cost of making phones means that buyers are getting more for their money. In 2012, says Mr Jeronimo, 42% of phones priced at less than $80 had a processor faster than 1 gigahertz; by last year 87% did. The proportion of cheap phones with screens more than four inches across went up from less than 8% to 38%. Two years ago the median price of a smartphone was $325. Last year it was $250. This year it may be $200.

The cheapest phones will become cheaper still. At Mobile World Congress, an industry jamboree in Barcelona at the end of February, Mozilla, a non-profit company best known for Firefox, its web browser, announced that smartphones running its operating system, Firefox OS, on Spreadtrum chips would go on sale with a target price of only $25. Mr Hussmann reports that the bill of materials is less than that. (Telenor is among the operators backing the new phone.)

It is not only at the bottom that competition is intensifying. In China, points out C.K. Lu of Gartner, another research company, OPPO and Vivo, two local brands, both increased their market shares last year despite focusing on phones priced at 2,000 yuan ($320) or more. Fancy phones can also polish a brand. Huawei, another Chinese company, has been trying just that; Wiko's top-of-the-range smartphone costs €349.

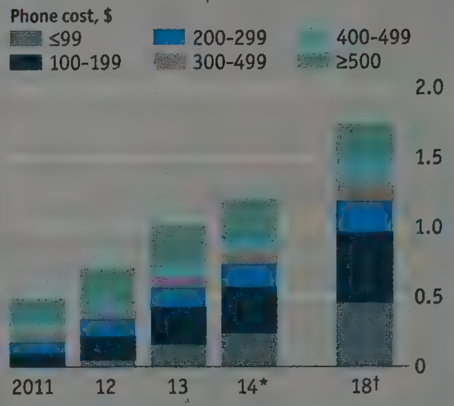
All this is great for smartphone-buyers everywhere. It is less good news for the market leaders, Apple and Samsung—the only vendors making much money. Apple may be insulated by its operating system and apparently impregnable brand, although it has lately been selling cheaper (if scarcely cheap) iPhones. Samsung, which dominates the market for phones running on Google's Android operating system, may be more vulnerable.

The South Korean company suffered a decline in profits late last year. Granted, it makes cheaper devices as well as dearer ones, and it can afford some slimming of its margins. People in poor countries also covet global brands: it has taken share from locals in India. But its problem, Mr Jeronimo says, is that it carries lots of costs, in research and development and in marketing, that cheaper rivals do not. "They are able to provide much better devices, in terms of specs, for a much lower price," he says. "And this is particularly worrying in developed markets."

Samsung is doubtless wise to this. Hence its attempt to push beyond the smartphone, into smart watches and wristbands, connected domestic appliances and the business market. Mobile-phone brands have been brittle before: ask Ericsson, HTC, Motorola and Nokia. Samsung has spent bucketloads building its name. It will not want to be usurped by the Wikos of the world. ■

Cheap and cheerful

Worldwide smartphone shipments, bn



Sources: IDC; *The Economist* *Estimate †Forecast

German companies and China

Mittelstand and Middle Kingdom

BERLIN

Chinese companies' German shopping spree is benefiting both sides

FOR students of geopolitics, the visit by Xi Jinping, China's president, to Berlin was a highlight of the week. Students of economics may have been more taken with Mr Xi's stop in the industrial western state of North-Rhine Westphalia (NRW), to toasts, cheers and favourable press coverage. His visit points up a rising trend: Chinese purchases of Germany's prized, medium-sized and high-tech *Mittelstand* companies.

A study published in January by EY, a firm of consultants, found that companies from China or Hong Kong had bought 25 German firms in 2013, thrice the rate of just a few years earlier. Only Britain was as popular, but if the trend continues German companies will soon stand alone in Chinese estimation. After America, China is the biggest non-European investor in Germany. Another study, by Prognos, a research firm, expects Chinese investment there to quadruple between 2011 and 2020, to $2 billion.

Unlike Chinese purchases in America, the shopping spree in Germany causes little alarm. Germans are proud that "Made in Germany" is a mark of quality not only for products but also for companies. Their economics ministry believes that the country has over 1,300 "hidden champions", world leaders in specialised products, more by far than anywhere else. China's purchases have included Putzmeister, a Swabian maker of concrete pumps, and Kiekert, from NRW, which makes car-door latches.

Some German bosses have naturally worried that the Chinese buyers were just looking to strip out technical knowledge, while workers worried for their jobs. But to the target companies' pleasant surprise, Chinese buyers have mostly been content to leave the companies to run much as they had before.

The Chinese are attracted by the Germans' attitudes as much as by their know-how. The buyers know that "Made in China" still stands, in many minds, for cheap stuff assembled in the Middle Kingdom but designed elsewhere. German companies excel at incremental but constant innovation. They have continued to grind out productivity gains during Germany's decade-long recovery from stagnation.

Chinese managers, by contrast, are mostly used to pursuing growth, says Nils Stieglitz of the Frankfurt School of Finance and Management. He expects the Chinese investors to spend a good bit of time watching and learning from their German acquisitions.

Besides fresh capital, what do the Germans get from the deal? Ingeborg Neumann, vice-president of the Federation of German Industry (and founder of a medium-sized textile company), thinks the Chinese may be the answer to the succession problem facing many *Mittelstand* companies: if the founders' children do not want to take over, as increasingly seems the case, the Chinese can do so instead. China may solve another kind of succession problem, says EY's Yi Sun, by buying former state-owned firms privatised after the fall of communism in East Germany.

The Chinese may be too optimistic about their German purchases. Transferring a management style, after all, is a lot harder than transferring technical know-how. Language and cultures differ: Ms Sun tells of a Chinese buyer who was surprised not to be able to get his German managers on the phone 24 hours a day.

But in some ways the cultures may suit each other well. German efficiency and incremental innovation was honed by ten years of slow growth and testing competition. As their economy slows, their companies mature and competition gets stiffer, the Chinese may be glad to have those Germans on the payroll. ■

Italy's state-controlled companies

Letting go, slowly

MILAN

The government promises sales but shows little taste for ceding control

MATTEO RENZI, Italy's new prime minister, is keen to show off his pro-market zeal. His government has promised to speed up and extend the privatisation programme unveiled in November by his predecessor, Enrico Letta. Last month it endorsed plans by Finmeccanica, a conglomerate in which the state holds a controlling 30.2% stake, to sell its rail assets; the firm wants to focus on aerospace and defence. But a proper shake-up of Italy's state-controlled companies is a long way off.

Mr Renzi is pressing ahead with Mr Letta's scheme, which aims to raise €8 billion-10 billion ($11 billion-13.7 billion) towards reducing Italy's public debt, now 132% of GDP. The treasury intends to float 40% of Poste Italiane, which runs the postal service and BancoPosta, a retail bank, and 49% of Enav, which runs air-traffic control. The Cassa Depositi e Prestiti, a state-owned investment vehicle, will list 50% of Fincantieri, Europe's biggest shipbuilder, and 60% of Sace, Italy's export-credit agency. Private investors are being sought for CDP Reti, which controls the gas and electricity networks, and Grande Stazioni, which is owned by Ferrovie dello Stato, the national rail company, and manages the 13 biggest railway stations. To this Mr Renzi's government may add Ferrovie itself. Because market conditions have improved, it may move faster than previously planned to sell 3% of Eni, an oil-and-gas giant, in which it will keep its controlling share.

The sales of Fincantieri, Poste Italiane and Enav are most firmly on track. Fincantieri could go by the summer. But selling part of Poste, which is Italy's biggest employer with 140,000 staff, will be a sterner test. A share scheme for postal workers is being devised and further tranches could be sold later (as at Eni and Enel, the electricity company, in the 1990s), but the government will keep a controlling stake.

Francesco Giavazzi, an economics professor at Bocconi University in Milan, dismisses the programme as focused too much on filling the state's coffers and not enough on improving competitiveness. The possibly imminent rescue of Alitalia, the former state-owned airline, by Etihad, of Abu Dhabi, is a reminder of the pitfalls of botched privatisations. But Fabrizio Pagani, economic adviser to both Mr Letta's and Mr Renzi's governments, says the administration is mindful of past mistakes.

Before any sales go ahead, nominations are due for hundreds of management posts in state-controlled firms. These jobs have long been the subject of political horse-trading. That is unlikely to change. However, a directive introduced last year would ban people under investigation for financial crimes from directorships at state-controlled companies.

One boss is in hot water anyway. On March 31st Paolo Scaroni, the chief executive of Eni, was sentenced to three years in prison: environmental standards fell short at a power station when he was running Enel several years ago. He has said he will appeal. Mr Scaroni is also being investigated for alleged corruption relating to contracts with Saipem, Eni's oil-services company, in Algeria. He denies wrongdoing.

A further proposal, to cut the salaries of senior public managers by 25%, has caused both anger and mirth. The head of Ferrovie dello Stato, Mauro Moretti, threatened to quit if his pay was docked. Diego Della Valle, the chief executive of Tod's, a posh shoemaker, a supporter of Mr Renzi's and a shareholder in Italo, a rival train company, responded that millions of Italians would be only too happy to show Mr Moretti the way home. A privatisation of sorts may be around the corner, but in Italy business and politics remain closely intertwined. ■

Crowdsourcing "Monopoly"

The Mayfair shuffle

ATLANTA

One of the world's largest toymakers tests the wisdom of crowds

IN 1904 a young American named Elizabeth Magie received a patent for a board game in which players used tokens to move around a four-sided board buying properties, avoiding taxes and jail, and collecting $100 every time they passed the board's starting-point. Three decades later Charles Darrow, a struggling salesman in Pennsylvania, patented a tweaked version of the game as "Monopoly". Now owned by Hasbro, a big toymaker, it has become one of the world's most popular board games, available in dozens of languages and innumerable variations.

Magie was a devotee of Henry George, an economist who believed in common ownership of land; her game was designed to be a "practical demonstration of the present system of land-grabbing with all its usual outcomes and consequences." And so it has become, though players snatch properties more in zeal than sadness. In "Monopoly" as in life, it is better to be rich than poor, children gleefully bankrupt their parents and nobody uses a flat iron any more.

And take your iron with you

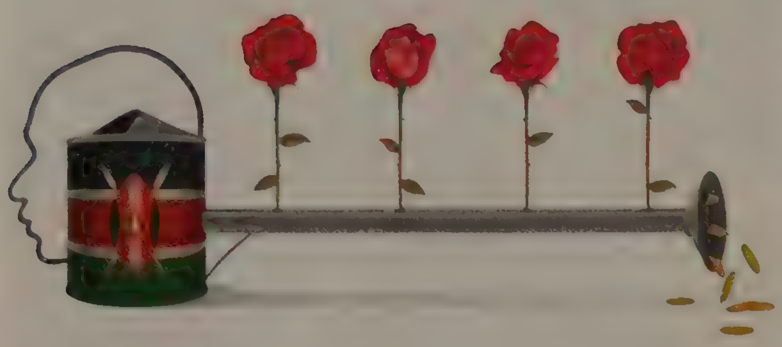
Board-game makers have had to find their footing in a digital age. Hasbro's game-and-puzzle sales fell by 4% in 2010—the year the iPad came to market—and 10% in 2011. Since then, however, its game-and-puzzle sales have rebounded, rising by 2% in 2012 and 10% in 2013. Stephanie Wissink, a youth-market analyst with Piper Jaffray, an investment bank, says that Hasbro has learned to become "co-creative…They're infusing more social-generated content into their marketing and product development."

Some of that content comes from Facebook. Last year, "Monopoly" fans voted on Hasbro's Facebook page to jettison the poor old flat iron in favour of a new cat token. "Scrabble" players are voting on which word to add to the new dictionary (at press time, 16 remain, including "booyah", "adorbs" and "cosplay"). "Monopoly" fans, meanwhile, are voting on which of ten house rules—among them collecting $400 rather than $200 for landing on "Go", requiring players to make a full circuit of the board before buying property and "Mom always gets out of jail free. Always. No questions asked"—to make official.

The Economist has also asked its readers for new rules, through our website and Facebook page. However, we wanted ours to reflect modern business realities. Several readers proposed a more active role for the bank, inevitably leading to bail-outs by other players when things went south. One suggested that property prices in the London version of the game rise by 25% per turn. Building in inequality featured in several suggestions, the best being that some pieces begin far ahead of the others, with more money: these effects could be mitigated with cards such as "Art School" and "Finding Myself" that let other players catch up.

Schumpeter | Flower power

The forces reshaping one of Africa's most successful industries



LONGONOT FARM is a giant factory for mass-producing roses: a model of efficiency in a country whose natural condition seems to be chaos. The roses are housed in enormous plastic greenhouses—49 in all, some covering a hectare and a half—and planted in long troughs. Workers in neat uniforms bearing the legend "Growing in Harmony" harvest the flowers and deliver them to an on-site packaging facility. There they are graded and sorted, stripped of their thorns and leaves, packed, labelled "Marks & Spencer" or "Sainsbury's", loaded onto lorries, sent to the airport and delivered to Europe by the next day. The farm produces 72m stems a year.

A couple of dozen farms like Longonot line the shore of Lake Naivasha, a 139-square-kilometre (54-square-mile) expanse of freshwater in the Rift Valley, north-west of Nairobi. These farms are in turn part of a Kenyan horticultural industry that produces fruit and vegetables as well as flowers.

Central Kenya is perfect for growing things, being blessed not only with 12 hours of tropical sunlight a day but also with a more temperate climate at higher elevations. The Rift Valley is full of lakes, and their water and surrounding volcanoes provide soil rich in nutrients. Nairobi airport has lots of flights to Europe every day. And the industry is thriving: it turned over $3.2 billion in 2012, up from $2.3 billion in 2011; it is one of Kenya's largest sources of foreign reserves; it employs 4.5m people directly, and they support many millions more. But it is nevertheless being reshaped by three powerful forces—two applied by the West and a third by local conditions.

Western consumers are demanding two contradictory things from Kenyan producers: more value for money and more corporate social responsibility (CSR). Many shoppers' incomes have been stagnant since the financial crisis. But at the same time Westerners worry increasingly about labour conditions in poor countries and environmental degradation. Britain's supermarkets are particularly powerful conveyors of these messages: the four biggest, which control about 70% of the grocery market, are relentless in imposing their will on their suppliers. They are caught up in a fierce price war: even the posh ones, such as Waitrose, promise to match competitors' prices. They are also caught up in a CSR race to show they are model employers: a wallchart in an office in Longonot is jam-packed with the dates of inspections by NGOs and industry groups.

Local pressures add to these difficulties. Land and labour are becoming dearer. And the bleeding-heart Westerners are right, in that the industry's growth is straining the environment: Lake Naivasha almost ran out of water a few years ago and local towns are buckling under the weight of migrant labourers looking for jobs.

These three forces are producing a wave of consolidation and vertical integration, as economies of scale and close ties to retailers become more important. Large companies such as the VP Group (which owns Longonot Farm), Swire and Finlays are expanding while smaller family farms are going out of business. The big firms are creating production chains that stretch from seeds to cellophane and spawning subsidiaries to handle transport and marketing. They are also forming tight relationships with European retailers. The people who once dominated Kenyan horticulture—independent farmers, many of them white, and sharp-eyed middlemen, many of them Indians—are being displaced by company men who speak of scale economies and integrated supply chains.

The big companies are also moving into produce with higher margins, from vegetables to flowers, and into labour-intensive niches such as prepared meals: the VP Group has a two-hectare complex near Nairobi airport where 2,000 shift-workers wash, chop, sort and pack vegetables every hour of every day. The firms' tendrils extend into skilful activities such as breeding new varieties of rose. Longonot Farm has large sections devoted to promising strains that are identified first by a mere number and then, when more advanced, by names such as Moody Blue.

The seeds of innovation

All this restructuring is releasing another powerful force: innovation. Big companies are rethinking every link in their production chains, both to squeeze costs and to hit their CSR targets. Planting roses in troughs rather than the ground allows them to enrich the soil with volcanic ash, pumice and coconut fibre while wasting less water. Unleashing hostile insects (miticides) on pests like red spiders allows them to cut their use of pesticides. The VP Group wants to use agricultural waste to produce energy, so it can power its own operations and sell the surplus to the grid. It is also mitigating risks and lowering costs by establishing farms in Ethiopia, Namibia, Tanzania and Zanzibar, where land and labour are cheaper, and selling more to Africa's emerging middle class.

The Kenyan horticultural industry has provoked a predictable debate. Critics say it is folly to transport flowers, fruit and vegetables halfway across the world. Defenders retort that growing roses in Kenya, where it is hot and light all year round, produces fewer carbon-dioxide emissions than growing them in dank, dark Britain or the Netherlands. Critics complain that poor Kenyans are labouring long hours to produce salads for lazy Europeans. Defenders reply that horticulture is creating jobs in parts of Kenya where they are in short supply. But the most interesting thing about the industry is the way that it is shaking up ideological certainties. The West's demand that companies be good citizens is confounding many on the left by consolidating more power in the hands of giant agribusinesses. At the same time it is confounding many on the right: far from choking enterprise, it is encouraging firms to become more productive and innovative. ■

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100% FEARLESS
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FEARLESSNESS. APPLY DAILY.
Only Secret offers clinical strength antiperspirant in your 2 favorite forms with up to 100% odor protection* and 4x stress sweat protection.** In your high-pressure moments, never settle for less than 100%. #100orNothing
4X STRESS SWEAT PROTECTION
*100% odor protection from odor typically noticed by others
**versus the wetness protection required of an ordinary antiperspirant
NEW INVISIBLE SOLID
Secret CLINICAL STRENGTH
Invisible Solid
Goes on Dry & Stays Dry
NEW CLEAR GEL
Secret CLINICAL STRENGTH
Clear Gel
No White Marks
Secret CLINICAL STRENGTH
Invisible Solid
Secret CLINICAL STRENGTH
Clear Gel

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Frontier markets

Wedge beyond the edge

JOHANNESBURG

Money is leaving emerging markets for riskier bets at the investment frontier

MANY of Africa's roads are scarred with potholes, so the fresh tarmac on the drive between Ndola and Kitwe, two cities in Zambia's copper belt, is something of a treat. The country's roadbuilding is financed by a \$750m Eurobond (as dollar bonds issued outside America are known) issued in September 2012. The timing was perfect. The Federal Reserve had an open-ended commitment to buy Treasuries to keep yields low. Investors in America and Europe were hungry to buy dollar-denominated debt offering juicy yields. Zambia drew \$12 billion of orders for a ten-year bond paying only 5.4%. Spain could not borrow as cheaply at the time.

Zambia's debut Eurobond showed how rich-world funds were looking beyond their home territory, past even emerging markets to "frontier markets" at the farthest edge of the investment universe. Even as the prospect of the end of the Fed's bond-buying caused wobbles in emerging markets last year, African nations were able to tap funds. Nigeria and Ghana sold Eurobonds in July. Mozambique raised \$850m in September. Gabon issued a second Eurobond in December.

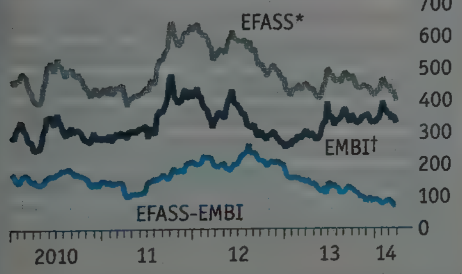
Frontier markets are generally small, illiquid and risky, so it is a surprise that recent tremors in emerging markets have not shaken them more. Exotix, a broker, calculates an average interest-rate spread of Eurobonds from 50 frontier markets (compared with Treasuries). The spread on its index has narrowed to 395 basis points. The gap between the Exotix measure and J.P. Morgan's benchmark Emerging-Market Bond Index (EMBI) reached an all-time low of 68 basis points this week (see chart 1). Nor has investors' interest been confined to bonds. The MSCI frontier equity index lagged behind its emerging-market cousin after the global financial crisis but recently has been catching up (see chart 2).

Frontier markets might once have been dismissed as a side bet for emerging-market funds looking to pep up returns. They are now seen as an asset class in their own right, says Andrew Brudenell, who runs \$700m of frontier equity funds at HSBC. Pension-fund trustees and consultants now ask how much money they should allocate to the frontier. The rising interest is in part because GDP growth in China, Brazil and India has diminished. The things that made emerging markets exciting in the 1990s are now found in frontier markets, says Charlie Robertson of Renaissance Capital, an investment bank.

There is much debate about where the frontier starts and ends. If the definition is a market that is neither developed nor emerging, then 23 of the 25 fastest-growing economies over the past decade are in the frontier category. But many of these frontier economies do not have stockmarkets and only Qatar is in the MSCI frontier-market index, an industry benchmark. To qualify, a stockmarket must have at least two stocks that meet specific thresholds for size and liquidity. It must also be "accessible": this is harder to quantify but what matters is openness to foreign ownership, the ease with which capital can flow across borders and the stockmarket's functioning. Only 24 markets across eastern Europe, the Middle East, Africa and Asia make the cut. Their combined market capitalisation is \$146 billion or so. By comparison the 21 stock markets in MSCI's emerging-market index are ▸▸

Edging closer 1

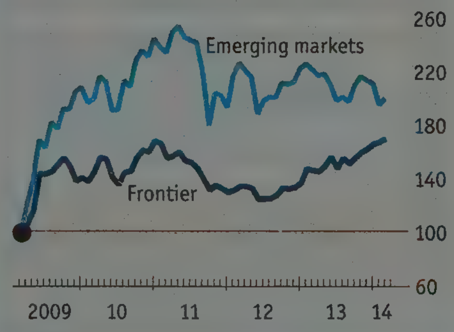
Average frontier-markets spreads and EMBI
Basis points



Sources: Exotix; Bloomberg
*Exotix frontier average sovereign spread over Treasuries
†J.P.Morgan Emerging-Markets Bond Index

The efficient frontier 2

MSCI emerging- and frontier-markets equity indices
March 2009=100



Source: Thomson Reuters

worth $4 trillion.

A familiar grumble about these sorts of indices, which are weighted by the market value of stocks, is that they have a skew that is unfavourable to bargain-hunters. Investors in index trackers spend more on stocks that have gone up in price. It is an acute problem for frontier markets. More than half of the MSCI index is accounted for by stocks from three oil-rich Gulf states: Qatar, the United Arab Emirates and Kuwait (though the first two will soon graduate to emerging-market status).

The purist sort of frontiersman sees the job as investing in poorer countries with the greatest potential. Purists give more room in their portfolios to stocks from poor, populous and fast-growing markets, such as Nigeria or Pakistan. As countries like these become richer, their middle classes will grow and spending on infrastructure will increase. The so-called BBC stocks (banks, brewers and cement companies) are one way to play these investment themes. Zenith Bank, Nigerian Breweries and Dangote Cement are popular stocks. Nestlé has a subsidiary that is listed in Lagos. In Pakistan there is Bank Alfalah and DG Khan, a cement company.

Specialist funds wanting to spread their bets may look at markets and stocks that are not in the main index. Saudi Arabia is a liquid market but tricky for foreigners to invest in. Its stockmarket sports SADAFCO, a dairy producer. Cambodia is another off-index bet. It has Nagacorp, a casino. Often the only way to buy exposure is through bonds. Angola is Africa's third-biggest economy, after South Africa and Nigeria. It has no stockmarket but it does have a Eurobond. Mozambique's Eurobond was ostensibly for a state-backed fishing venture. Investors bought it anyway, with one eye on the country's fast-growing economy and the other on its offshore gas reserves. ▸▸

Buttonwood | Now you see them

Central banks will be financing governments on a permanent basis

EVERYBODY would like a rich uncle to help them when times are hard. And that is the role central banks have been playing in recent years, easing monetary policy at a time when economic output is below trend and the scope for fiscal stimulus has been reduced.

The most controversial aspect of this support has been "quantitative easing" (QE), the creation of money to buy assets, mostly government bonds. Central banks resorted to this expedient in the depths of the crisis as interest rates approached zero. The role of QE was to provide liquidity to the system and to ensure that long-term rates did not rise too far.

The policy had the useful side-effect, as far as governments were concerned, of providing a willing buyer for their bonds at a low interest rate. To be fair, central banks did not buy in the primary market: that is, when the bonds were issued. But the fact that they were buying in the secondary market gave an incentive for private-sector buyers to stump up.

The unanswered question was how the central banks would ever unwind these positions. The Federal Reserve owns some $2.3 trillion of Treasury bonds; the Bank of England has £375 billion ($624 billion) of gilts. Any sign that central banks were selling their holdings, or not reinvesting when bonds mature, might cause the bond market to panic. When the Fed hinted at tapering last year—merely reducing the amount of bond purchases—yields rose by more than a percentage point.

Sir Mervyn King, when head of the Bank of England, displayed a certain insouciance on this question. In February 2012 he told the press: "I have absolutely no doubt that when the time comes to reduce the size of the balance-sheet that we'll find that a whole lot easier than we

did when expanding it." Whether he passed his cunning plan on to his successor, Mark Carney, is not known. But Mr Carney recently revealed that the Bank did not expect to unwind all its gilt holdings; post-crisis, central banks will have to have a much bigger balance-sheet to cope with the liquidity needs of the banks.

This is a perfectly respectable argument and seems likely to be replicated elsewhere. In a paper for the Peterson Institute*, Joseph Gagnon and Brian Sack argue that "the Fed should not shrink its balance-sheet all the way back to a size that would have been considered normal prior to the global financial crisis but should instead leave a larger amount of liquidity in the financial system on a permanent basis."

Nevertheless, it is worth reflecting on the road that has been travelled, paved all the way with good intentions. When QE was first announced, it was the equivalent of emergency surgery. Then, further rounds were needed to help the economic patient recover. The third step was for the Bank of England to hand back to the Treasury the interest it earned on government bonds, in the name of good accounting. And now what was originally a temporary arrangement has been turned into something more permanent.

All along, the authorities have denied that this process represents "monetisation" (the monetary financing of government debt), which is something of a taboo in central banking. But the cumulative impact is similar. The British government has in effect ended up with an interest-free loan from its central bank, financed by money creation. The debt has not been formally cancelled, but it might as well have been.

The obvious response is: where is the harm? Previous instances of massive monetisation—in Zimbabwe, say, or Weimar Germany—had led to hyperinflation. This time round inflation is low and falling. If the authorities had not used QE, the alternative might well have been a deeper recession, higher unemployment and a lower standard of living. Set in that context, worries about the theoretical risks of QE seem like a luxury we cannot afford.

But another reason why monetisation has always been frowned upon is that it is an easy option. Why should governments finance spending with unpopular taxes or borrow from suspicious bond investors when they can get the money from a friendly central bank? The process makes democratic leaders less accountable; by boosting asset prices, which are mostly owned by the rich, it may well have led to a rise in inequality, without the sanction of any vote. Perhaps in ten or 20 years' time, recent events will be seen as the moment the world crossed a line.

* "Monetary policy with abundant liquidity: a new operating framework for the Federal Reserve", January 2014

Economist.com/blogs/buttonwood

Greater demand should spur the supply of stocks, through sales of private stakes or privatisations. Deeper equity markets would be welcome. Access to debt markets is more of a mixed blessing for some. Ghana issued its first Eurobond in 2007. Within a few years its budget deficit blew out to 12% of GDP after a large public-sector pay rise. Mozambique shows worrying signs of similar trouble.

Zambia meant to use its proceeds wisely. The money was to go on targeted projects. New roads in the copperbelt make sense since so much cargo is sent by truck. But easy money leads to lax discipline (see Free exchange, page 69). The state's wage bill has become bloated. The budget deficit may be as high as 8% of GDP this year. To help fill the gap, Zambia is said to be plotting another Eurobond. ■

Japan's economy

Out of the zone

TOKYO

Shinzo Abe's fancy economic areas are big enough but not bold enough

FOR Izumi Yoshimura, an estate agent in Tokyo's Ginza shopping district, the increase in the consumption tax on April 1st from 5% to 8% is a triple blow. It lifts her cost of living; she will need to rejig her firm's computer systems at great expense; and her commissions are likely to fall along with sales of apartments. Adding to the downbeat mood this week, the Tankan survey from the Bank of Japan showed that many firms are concerned about the dampening effect of the tax hike. Retailers were particularly gloomy.

Consumption is expected to crater in the weeks following the rise. The country's GDP could shrink by as much as 4.1% (annualised) in the second quarter, say economists. It was mainly the central bank's radical loosening of monetary policy, which began a year ago, combined with a big dollop of fiscal spending, that has lifted Japan's growth up to now. Further easing by the central bank is likely to follow the tax rise, but the expected economic dip will also heap more pressure on Mr Abe to press ahead with other growth-boosting measures. Thus far his government has largely failed to deliver on its promise of structural reforms.

For those who fear that he may continue to shirk the task, the announcement of the locations of six special economic zones on March 28th came as welcome news. The idea is that in the *tokku*, as the zones are known in Japan, firms will be able to take steps that are too controversial for the country as a whole, such as hiring and firing workers more easily. The rules are later to be extended nationwide. The brand-new *tokku* cover a vast swathe of ground. Greater Tokyo is included, as are the region of Kansai, Narita City in Chiba prefecture and Fukuoka. In total, an area producing nearly two-fifths of Japan's GDP will fall inside the zones.

Some of the zones will carry out particularly ambitious deregulation. In Yabu, a small town in the mountains of Hyogo prefecture, and in Niigata, a slightly larger city, the ability of local agricultural committees to block large companies entering the protected area of farming will be sharply reined in. If extended nationwide, that could help transform Japanese agriculture. In Fukuoka, where local officials are similarly ambitious, labour practices are to be reformed so that firms can far more easily adapt the size of their workforces.

Yet the efforts of bureaucrats in recent months to resist and water down deregulation in the *tokku* are also visible. Foreign doctors will be allowed to practise, but only on foreign patients, not on Japanese ones as at first planned. No measures are included on important areas such as immigration, or immediately lowering corporate taxes. And the city of Tokyo, economically the weightiest of all, is holding back. It wants the new labour practices to apply only at foreign firms, not at Japanese ones. The city's new governor, Yoichi Masuzoe, who was elected in February, received strong support during the campaign from labour unions, which are wary of such changes.

All is not lost. Four members of Mr Abe's council on the special economic zones denounced Tokyo's measures as "wholly inadequate", and the council has demanded that Mr Masuzoe rewrite the city's proposal. Mr Abe promised on March 28th that over the next two years, all protectionist "bedrock" regulations will be subject to change in the *tokku*. For now, says Eiji Hara, a former bureaucrat who sits on Mr Abe's working group on the zones, the two real special economic zones are Yabu and Fukuoka, for these relative minnows are far bolder than the rest of the *tokku* put together. ■

Transformation-ready

Banks and fraud

Hacking back

NEW YORK

Bankers go undercover to catch bad guys

FIVE years ago MI5, Britain's security service, sent a document to British firms, giving warning that Chinese spies could be seeking to "exploit vulnerabilities such as sexual relationships" among Western businesspeople. Moneymen are obvious targets for honey traps, but they can set them too—as they are increasingly doing to catch cyber-fraudsters.

A midsized American bank has taken a leaf out of Ian Fleming's book with a project, known internally as "Honey Banker", to smoke out fraudulent payments. It has created a coterie of non-existent bankers, with fake e-mail addresses and biographies, whose details appear on bogus web pages not linked to the rest of the bank's website. If a transfer request comes in to one of these aliases, it is likely to be from a fraudster. The bank blocks the sender's internet address, pending further investigation. (*The Economist* is withholding the bank's name so as not to blow its cover.)

Though not yet widespread, this sort of counter-intelligence tactic is becoming more common as banks look for creative ways to ensnare the online scammers, says Aaron Glover, a fraud expert at SunTrust, another American bank. Some banks have hired professional spies, as HSBC did when it employed a former head of MI5.

The amount a fraudster can steal depends on the number of "mule" accounts—set up by paid or cajoled accomplices—that he has to divert funds into. This number is constrained by account-opening restrictions, including requirements that accounts have to be opened in person. East European crime rings will pay mules to fly to America, where they can set up accounts as non-resident aliens (using stolen identities). Other fraudsters will persuade gullible Americans to open accounts in their own name and hand over the details, after convincing them that they have been picked as "secret shoppers" to rate bank service. Even so, "scammers have a finite ▸▸

Funny, you don't look like a banker

supply of mule accounts," says Mr Glover. "The more of them that can be identified and shut off using undercover operations, the less room [criminals] have to operate."

Banks are also using similar strategies to infiltrate the dark recesses of the internet in which criminals buy and sell stolen financial data. A fraud investigator at a large American bank says that since the massive theft of credit-card data last year from Target, a retailer, his bank has become a more active participant in "carder forums", where card numbers are hawked for between $20 and $100 apiece, often in batches of 1m or more. Two recent sales were dubbed "Tortuga" and "Eagle Claw".

Some banks scour the forums in the hope of gathering intelligence on which of their cards have been compromised, so they can cancel them before they are sold on—as opposed to waiting for suspect transactions to appear on statements. A few banks are even believed to have bid in black-market bazaars to buy the details of cards they suspected they issued themselves, but could not identify for certain because details were concealed until purchase, in order to learn more about where and when data breaches occurred.

This subterfuge partly reflects the need to be more proactive in the face of rampant cyber-fraud. But there is a regulatory motive, too. America's Financial Crimes Enforcement Network, the arm of the Treasury tasked with fighting illicit finance, has been broadening its definition of money laundering, bankers say. This raises the prospect of large fines for inadequate anti-money-laundering controls for banks that aren't deemed to be doing enough to combat these scourges. Some bankers may feel they have as much to fear from the agencies that regulate them as from the criminals who infiltrate them. ■

Cash and crime

Less coin to purloin

ATLANTA

A cashless economy leads to a safer society

"CASH", wrote Marcus Felson, an eminent American criminologist, "is the mother's milk of crime." Its appeal to criminals is clear. Unlike cars or paintings, it can be concealed immediately after being pinched. It has no security features to prevent its being easily and anonymously spent on legal or illegal goods. Unlike nearly any other object that can be stolen, it needs no fence.

Criminals' need for cash motivates much predatory street crime. A new paper from the National Bureau of Economic Research asks whether this might work in reverse: if cash motivates crime, could the absence of cash reduce crime? The answer seems to be yes.

The paper looks at county-level crime data in Missouri from 1990 to 2011, a period when crime dropped markedly all over the rich world. During this time Missouri, like the rest of America, changed the way it delivered its welfare and food-stamp benefits. Instead of paper cheques states now use a debit-card system known as Electronic Benefit Transfer (EBT). Missouri introduced EBT cards in eight phases over 12 months. This gradual shift allowed the authors to analyse not just differences in crime rates before and after the introduction of EBT, but also how those differences compared with changes during the same period in counties that had not implemented it.

They found that electronic payments led to a drop of 9.8% in the overall crime rate and caused the rates of burglary, assault and larceny to fall by 7.9%, 12.5% and 9.6%, respectively. The introduction of EBT was also associated with a lower number of arrests, an indication that the crime rate's decline did not stem from more aggressive policing. EBT's effects on non-property-related crimes such as drug offences, rape and prostitution were statistically insignificant. The findings suggest, according to Volkan Topalli, one of the authors, that "for people in densely populated urban neighbourhoods, the less cash they have and the more their transactions are digitised, the less attractive criminal targets they make."

It points to something broader, too. The sharp decline in crime since the 1990s has led to a rash of theories to explain it: ageing populations, higher incarceration and immigration rates, less exposure to lead paint, better police tactics as well as vastly improved security of both products (such as improved circuitry in cars that impedes hot-wiring) and places (security cameras and bullet-proof partitions once protected only banks, but today they are standard in American corner liquor stores). Mr Topalli's paper suggests that the shift from cash to cards—since 1990 debit-card transactions have risen 27-fold, whereas cash volume has grown by just 4% a year—may also have contributed to the decline in crime. It's hard to rip and run, after all, without something to rip.

Reforming the audit profession

The cost of cosiness

Europe's auditors get ready to rotate

AMONG the many scapegoats blamed for the financial crisis, auditors got off lightly. A central component of their reports is an assessment of whether a firm is a "going concern", meaning it is likely to survive for at least a year. Yet in late 2008 one financial institution after another collapsed, having recently had their sustainability vouched for by auditors. After nearly four years of debate and negotiation the European Parliament seemed set (as *The Economist* went to press) to approve reforms aimed at enhancing confidence in their audits.

The biggest proposed changes focus on safeguarding auditors' independence. To prevent them from getting too cosy with their clients, companies will be required to put the job out for tender once a decade, and pick a new auditor at least every 20 years. (Some have not switched in a century or more.) They will be banned from buying a wide range of other services from the firm that audits them, including advice on tax. And from 2016 the value of the non-audit services that are still allowed will be capped at 70% of the audit fee over a three-year period.

The rules represent a compromise between reformers who believe the bean-counters are hopelessly in bed with their clients and sceptics who warn that the regulations could do more harm than good. They have been watered down from previous proposals that included suggestions that a third party, such as a regulator, appoint auditors.

The sharpest criticism of the reform is ▸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that it is barking up the wrong tree by focusing on independence instead of reassessing what audits are for. Even an unimpeachably unbiased auditor would probably have certified many financial firms as going concerns in 2008, simply because they were no better able to predict the future than were credit-rating agencies or investors. As a British Parliament report said in 2009: "The fact that some banks failed soon after receiving unqualified audits does not necessarily mean that these audits were deficient. But the fact that the audit process failed to highlight developing problems in the banking sector does cause us to question exactly how useful audit currently is." With or without new rules, the main worry for auditors may be that people wonder whether their reports are worth a bean. ■

The euro-zone economy

Frost in spring

The recovery may be warming but inflation is cooling

VIEWED from one perspective, the euro area is a minor miracle. Instead of collapsing in a heap, as seemed possible two years ago, the currency club is not just intact but has a new member, Latvia, which joined in January. An economic recovery has been under way since last spring and appears to be strengthening. But seen from another standpoint the euro zone is an accident waiting to happen. As inflation slips ever lower, a slide into Japanese-style deflation looks increasingly likely. That would raise an already onerous debt burden in real terms and pull down growth.

The actions of the European Central Bank will be crucial if such an outcome is to be averted. The ECB's mission is to achieve price stability, and since 2003 it has interpreted this to mean an inflation rate over the medium term of "below but close to" 2%. Yet despite a fall in annual inflation to just 0.5% in March, the central bank was expected to hold its fire when its council met on April 3rd (after *The Economist* had gone to press). Previously, it had lowered the main policy rate to 0.25% in November.

One reason for the ECB to wait was that underlying inflation, excluding more volatile elements such as energy and food, has been broadly stable over the past six months, at around 0.8% (see chart). The council also sees grounds for being patient and allowing its very low interest rates to take effect. It thinks that the recovery, which started in the second quarter of 2013 after a double-dip recession lasting a year and a half, should eventually bring inflation back towards the target.

Indeed, the once-sickly euro zone is losing some of its pallor. The recovery, though feeble, has nonetheless been sustained. Output rose by 0.3% (an annualised rate of 1.3%) in the second quarter of 2013, and although growth slowed to 0.1% in the third, it picked up to 0.2% in the fourth. More important, there are signs that the pace may be accelerating this year.

Despite the crisis in Ukraine, euro-zone surveys of confidence and activity in the first three months of 2014 have been encouraging. The European Commission's economic-sentiment indicator, based on what both businesses and consumers are reporting, rose in March to 102.4, the highest since July 2011 and a little above the long-term average of 100 since 1990; at the worst of the recession in late 2012 it had fallen to 85.8. The indicator tends to track growth, which suggests that it is picking up. That chimes with surveys of manufacturing, compiled by Markit, a data provider, which show the sector in the first quarter at its healthiest since the spring of 2011.

A reassuring feature of the recovery is that it is spreading to the once-afflicted countries of southern Europe. Germany, which remains the main engine of growth in the euro zone, is likely to have expanded strongly in the first quarter of 2014, according to the Bundesbank. But the recovery is also being boosted by a return to growth, albeit sluggish, on the part of both Italy and Spain, the third- and fourth-biggest economies in the euro zone.

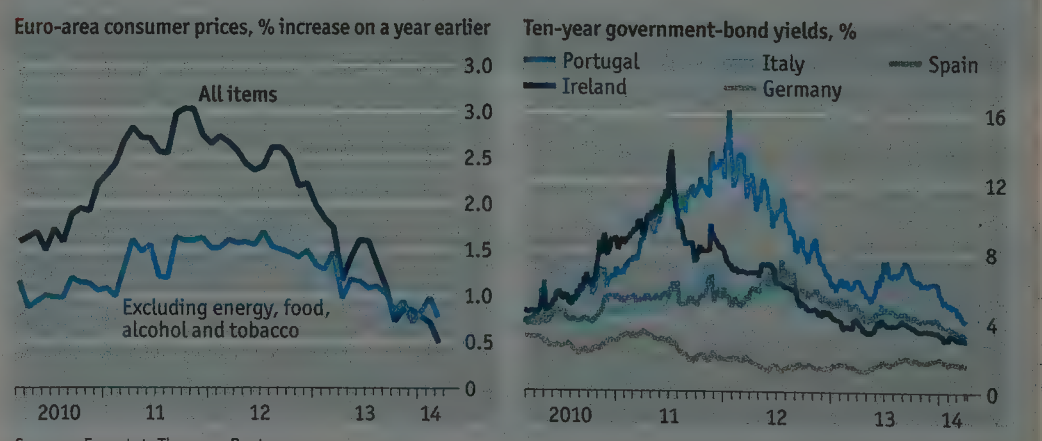
The peripheral economies are benefiting from falling long-term interest rates. Ten-year government-bond yields in Italy, Spain and Portugal are now lower than they were four years ago, shortly before the Greek crisis flared up and led to the first bail-out (see chart). Remarkably, yields in Ireland, which exited its rescue programme only last December, have fallen to their lowest since the euro started 15 years ago. Peripheral yields have been dragged down both by the fall in German yields and the narrowing of their spreads over German bonds since the height of the crisis. Although the spreads are still wider than before the crisis, their tightening reflects a broader reassessment of risk: investors no longer shun peripheral Europe on fears of a euro-zone break-up, whereas they fret about emerging markets.

Despite these promising developments, there is still a concern that the recovery may have come too late and be too weak to avert the onset of deflation. Consumer prices are falling in several peripheral countries, notably Cyprus and Greece, but also now in Spain, where in March they declined by 0.2% on a year earlier.

The advent of deflation in the euro-zone periphery can be seen as part of a one-off adjustment as the crisis countries claw back lost competitiveness. But balefully high unemployment across the euro area will continue to bear down on wages, which in turn will keep prices weak. The jobless rate in February remained at 11.9%, only marginally down from its peak of 12% for much of 2013. Though unemployment has fallen over the past year from already low levels in Germany and has declined in Spain, it has risen sharply in Italy.

Making matters worse, the strength of the euro, which has appreciated by 7% against the dollar in the past year, is an endorsement the still vulnerable euro-zone economy could do without. For the time being the ECB is choosing to fight disinflationary pressures through words and threats rather than deeds. But, as Christine Lagarde, the head of the IMF, said on April 2nd, a long period of "lowflation" can be bad for growth and jobs. If inflation weakens any further, the ECB will have to act. ■

That sinking feeling



Sources: Eurostat; Thomson Reuters

Free exchange | Financial indulgence

Cheap credit is tempting emerging markets towards risky borrowing

"ORIGINAL sin" in the economic scriptures differs slightly from its theological counterpart. It is the observation, made in the aftermath of the emerging-market crises of the 1990s, that most countries are unable to borrow from foreigners in their own currency. Foreign-currency borrowing damns them, in times of trouble, to a vicious downward spiral: a loss of faith in a country's currency makes its debts harder to repay. That in turn further reinforces doubts about its currency.

Of late this doctrine has begun to look a bit old-fashioned. Financial globalisation has freed many developing economies from the need to go cap in hand to foreign financial markets. With investors willing to lend in local markets (and often in the local currency), they have sharply reduced their overseas borrowing over the past decade. Yet some economists worry that their salvation remains incomplete. Old vulnerabilities are creeping back.

The 1990s crises were a Damascene moment for emerging markets, prompting broad changes in policy. Many developing countries managed to introduce serious fiscal and monetary reform. This cut overall borrowing needs and also reassured adventurous rich-world investors who were considering a plunge into emerging economies' domestic bond markets. Most abandoned hard-currency pegs, smoothing their adjustment to shifting capital flows, and many accumulated large stocks of foreign-exchange reserves. Above all emerging markets sought to escape original sin.

Financial integration has helped. The International Monetary Fund's latest *Global Financial Stability Report* points out that gross capital flows to emerging markets roughly quintupled from 2000 to 2010. From 2002 to 2010 the share of emerging-market debt issued in foreign markets dropped from 27% to 12% (see chart, left panel). This, in turn, helped governments reduce their vulnerability to sudden swings in exchange rates. In 1998 nearly a third of Turkey's marketable government debt and more than half of that in Mexico was denominated in a foreign currency. By 2010 the share in both economies was below 20%.

That discipline has, however, begun to erode. In the aftermath of the global financial crisis, rich-world central banks unleashed a flood of liquidity to support their own sickly economies. As the deluge depressed interest rates investors went hunting abroad for better returns. Governments in emerging markets have mostly remained disciplined through this onslaught; the share of emerging-market government debt issued in foreign markets has continued to drop, from 12% in 2008 to 8% last year. Private firms, however, have been more likely to succumb to temptation.

Emerging-market companies have begun issuing foreign-currency-denominated debt with gusto: $1.3 trillion of it was outstanding in 2013, up from $597 billion in 2009, according to Nomura, a Japanese bank. As a result, foreign borrowing as a share of all emerging-economy borrowing has been climbing. Banks are leading the way. Since late 2008 the share of debt issued by financial firms abroad has risen steeply, from 15% to 22%, the IMF says.

Moreover, official figures on external borrowing may not capture the entire picture because of "hidden debt" being accumulated by emerging-market firms. Conventional measures typically include debt securities issued domestically and official cross-border bank lending—but not bonds issued in foreign markets by emerging-market multinationals. In a 2013 paper Hyun Song Shin, of Princeton University, and Laura Yi Zhao, of the Asian Development Bank, warned that nonfinancial firms may be borrowing cheaply abroad to make loans at home.

A time to build up

Sources: IMF; BIS; Nomura

*Nomura estimate

If bonds issued abroad by the foreign subsidiaries of Indian and Chinese firms are included in their national statistics, then the foreign-currency debt of non-financial firms looks twice as large as under the usual measure. Foreign issuance by Brazilian firms more than doubles its stock of private-sector external debt, according to a new Inter-American Development Bank report. Growth in this hidden debt has soared since 2008.

Whether these excesses amount to mortal sin is not easy to judge. New debt estimates assembled by Nomura take account of countries' foreign-currency exposure via "hidden" offshore bonds. Such borrowing makes some economies look shakier, it reckons, but not much. Hidden debt in Brazil and Russia amounts to 5% or more of GDP. But overall foreign-currency exposure is generally below the average of the past two decades (see chart, right panel). Nomura's adjustment raises China's foreign-currency debt from 9.2% of GDP to 9.3%: hardly the stuff of doom.

Living on a prayer

If there is little sign of imminent disaster, there is good reason to be vigilant. The flood of money from America and Britain may soon dry up, but the euro zone and Japan seem likely to keep providing yield-hungry investors, eager to lend on tempting terms. The trend towards foreign borrowing bears watching.

What is more, having only a small foreign-currency exposure may no longer be enough to protect emerging economies from swings in global sentiment—and monetary conditions. The financial maturation that allowed emerging economies to do more of their borrowing locally has necessarily raised foreign participation in local-government bond markets. In some economies, the share of local-market government debt owned by foreigners has more than doubled since 2009.

Investors continue to do a poor job discriminating between developing markets based on the underlying health of their economy. And stampeding capital can still apply uncomfortable financial pressure, as the market wobbles of the past year revealed. Falling currencies may hurt exposed firms' balance-sheets, thereby weakening investment and the outlook for growth. An abrupt growth slowdown looks preferable to the crises of the late 1990s. But it is no Eden.

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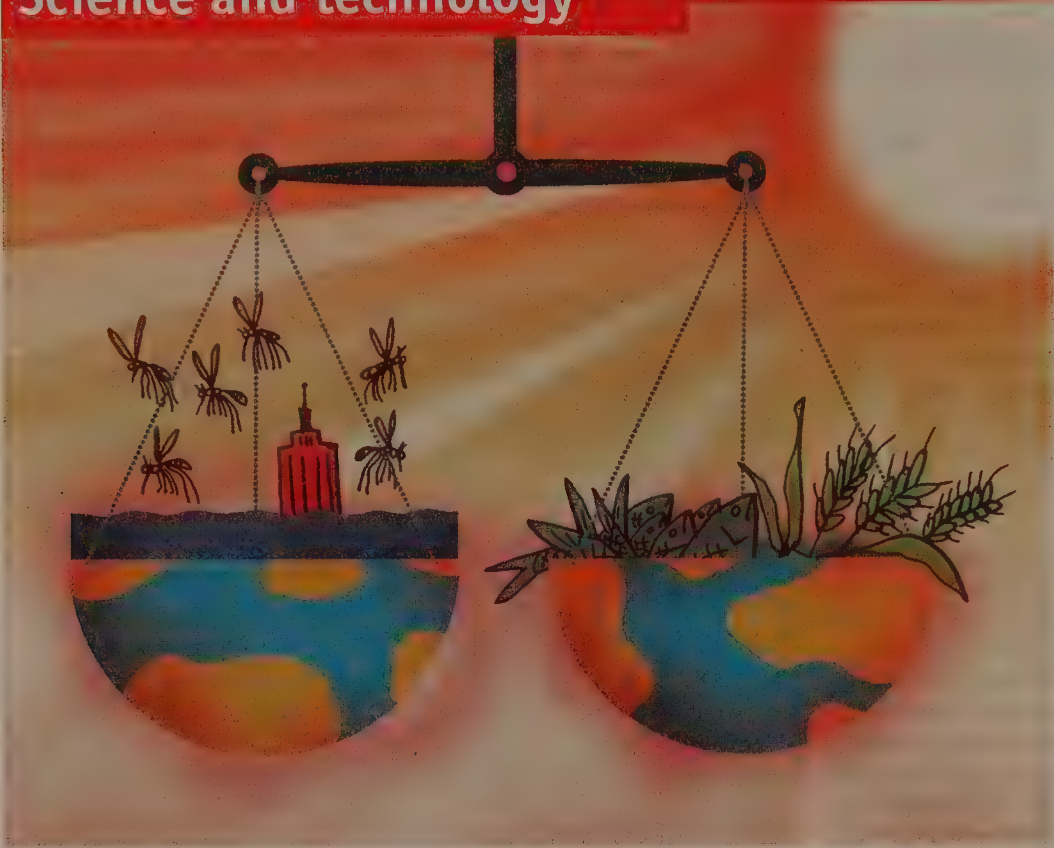

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Climate change

In the balance

YOKOHAMA

A new report from the IPCC implies that "climate exceptionalism", the notion that global warming is a problem like no other, is coming to an end

IN SCIENCE, more information is supposed to lead to better conclusions and greater consensus. The Intergovernmental Panel on Climate Change (IPCC), which published its latest report on March 31st, certainly has more information. The new study synthesises 73,000 published works (a quarter of them in Chinese). This represents a 100-fold increase in about 30 years. But consensus remains elusive. Richard Tol of Sussex University, in Britain, disparagingly appraised the report's conclusions as "the four horsemen of the apocalypse". The final version appears to have been fought over paragraph and comma between those (such as Dr Tol) who want to describe dispassionately what they think is happening and those who want to scare the world into taking action.

Every six or so years, the IPCC produces a three-part encyclopedia of the climate. This report is the second tranche of its latest effort. The first, on the science of climate change, came out last September. It argued that the process is accelerating even though the world's surface temperatures are currently flatlining (a phenomenon most climate scientists regard as merely a pause in an upward trend). This, second, volume asks how the climate is affecting ecosystems, the economy and people's livelihoods.

Profoundly, is the headline answer. It argues that climate change is having an impact on every ecosystem from the equator to the poles. It suggests that although there are some benefits to a warmer climate, most effects are negative and will get worse. It talks of "extreme weather events leading to breakdown of…critical services such as electricity, water supply and health and emergency services" and it sounds the alarm about "the breakdown of food systems, linked to warming".

Behind such scares, though, lies a subtler story, in which the effects of global warming vary a lot, climate change is just one risk among many, and the damage it causes—and the possibility of reducing that damage—depend as much on other factors, such as health systems and rural development, as they do on global warming itself.

Bad, but how bad?

The report describes three different sorts of problem. The first are those in which climate is the dominant influence, so that no human action other than stopping it changing will have an effect. The second are those in which the climate's influence is modest and where the news is not entirely bad. The third are the ways a changing climate alters which species (both natural and agricultural) thrive where—which from a human perspective can be both good and bad.

Rising sea levels are an example of the first sort of problem. Thermal expansion of the water in the oceans means that, at current rates, the average sea level could go up half a metre (20 inches) by the end of the century. That would be pure bad news for people living in coastal cities. They now number 271m, a figure which may increase to 345m by 2050, according to the report.

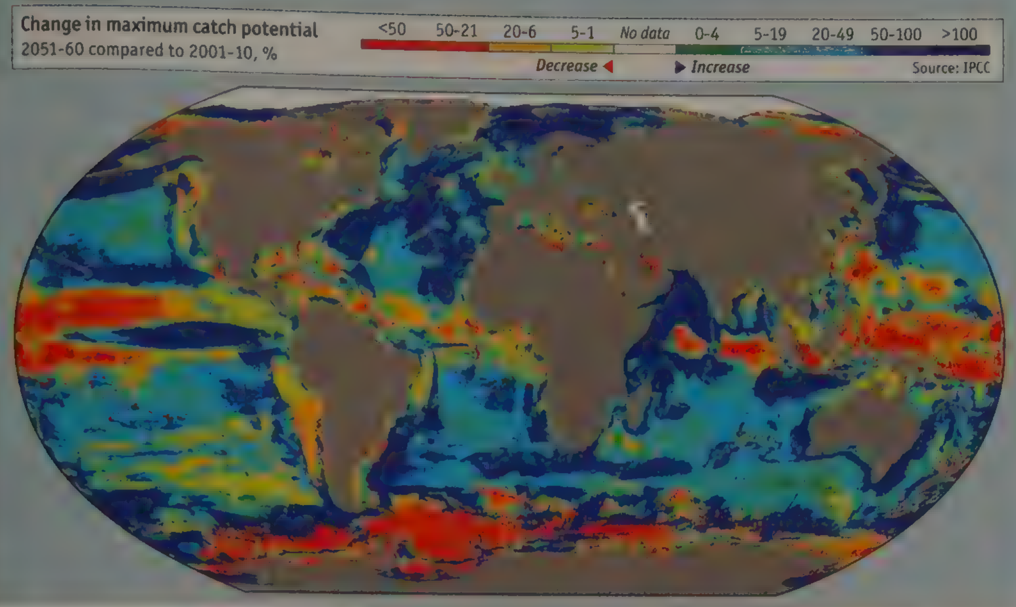
Another example of a problem of the first sort is ocean acidification. This is caused by the absorption of carbon dioxide into seawater. The report calls this "a fundamental challenge to marine organisms and ecosystems".

The second sort of problem, in which the climate's influence is more modest and manageable, includes its effects on health. In a warmer world some diseases, such as malaria, are expected to spread. And heat itself can kill. More summer heatwaves will mean more premature deaths. But cold is also a killer, and the number of cold-related deaths will fall. By and large, the report says, the bad impacts will outweigh the good, but in neither case is climate the dominant influence on mortality or morbidity. Public health and nutrition matter more. Malaria cannot spread if it has been exterminated.

The third category, the way a changing climate alters species' ranges, is in some ways the most intriguing. To the surprise of a lot of conservationists, for example, global warming does not seem to have caused many extinctions. The only ones laid at its door so far are of frogs in Central America.

That does not mean change is not happening. In the oceans both animals and ▸▸

Gone fishing



plants are migrating from the tropics to temperate latitudes in pursuit of cooler waters. Benthic algae—seaweeds, to the layman—are shifting their ranges polewards at 10km (6 miles) a decade. Their single-celled planktonic cousins are moving much faster: 400km a decade.

Since algae are the beginning of marine food chains, everything else changes with them. The result, says the report, is that by 2055 fish yields in temperate latitudes could be 30-70% higher than they were in 2005 (see map). Tropical yields, by contrast, could fall by 40-60%. The yields in question are potential ones, and assume that overfishing has not denuded the oceans by then, but that matter is beyond the IPCC's remit.

From the human point of view, though biological changes in the ocean are important, the most crucial such changes will be on land, and will concern where particular crops can be grown. A warmer climate lengthens growing seasons and more carbon dioxide in the atmosphere should stimulate photosynthesis. The previous IPCC assessment, in 2007, therefore said that yields of the world's main crops—wheat, rice, maize and soyabeans—would improve in temperate and cold climates, offsetting declines elsewhere. Some argued, on this basis, that a modest amount of warming might be good for people.

The new report pours cold water on that idea. It confirms that tropical yields will decline if the temperature rises by 2°C (which is all but inevitable) but finds that the offsetting benefits in temperate zones will be smaller than once thought. Rain-fed crops (as opposed to those watered by irrigation), which are often grown in the tropics, do respond to higher levels of carbon dioxide, but the effect is counteracted by rising temperatures. Plants like long growing seasons but many (especially maize) hate temperature spikes: even one day above 35°C at the wrong time of their life cycles can damage them. And rates of photosynthesis in maize, sorghum and sugarcane (called C4 cereals, because of the details of their photosynthetic pathways) do not respond to changes in CO_2 concentrations in the way that C3 cereals, such as wheat and rice, do, so the effect of more carbon dioxide on crops is patchy.

At the moment, the report concludes, wheat yields are being pushed down by 2% a decade compared with what would have happened without climate change; maize is down by 1% a decade; rice and soyabeans are unaffected. Over time, this could worsen. Roughly half of studies of likely cereal yields over the next ten years forecast an increase, whereas the other half forecast a decline. Forecasts for the 2030s are even more sobering: twice as many predict a fall as a rise.

Dividing up the effects of climate change in this fashion leads to different ideas about how to respond. Defending low-lying cities against a rising sea level is difficult and expensive, and it is impossible to adapt to ocean acidification. These problems would best be dealt with (if at all) by attacking the cause: ie, by cutting carbon-dioxide emissions.

Problems in the second category, however, can be approached in other ways. As the report itself says, "the most effective vulnerability reduction measures for health...are programmes that implement and improve basic public health [like] the provision of clean water." Such measures would be beneficial even if there were no climate change.

The third category lies somewhere in between. It requires measures that should be undertaken anyway, but need to be tweaked because of the climate. Farmers are always trying out new crop varieties, but increasingly those varieties will have to be drought-resistant. That may mean choosing between different aims, for there is often a trade-off between drought resistance and yield.

This way of looking at the climate is new for both scientists and policymakers. Until now, many of them have thought of the climate as a problem like no other: its severity determined by meteorological factors, such as the interaction between clouds, winds and oceans; not much influenced by "lesser" problems, like rural development; and best dealt with by trying to stop it (by reducing greenhouse-gas emissions). The new report breaks with this approach. It sees the climate as one problem among many, the severity of which is often determined by its interaction with those other problems. And the right policies frequently try to lessen the burden—to adapt to change, rather than attempting to stop it. In that respect, then, this report marks the end of climate exceptionalism and the beginning of realism. ■

At sea in space

Earth is not the only orb with oceans. In 2005 *Cassini*, an American spacecraft, saw plumes of water shooting into space from cracks in the icy surface of Enceladus, one of Saturn's moons (see picture). These suggest that Enceladus, too, has an ocean—albeit one completely covered by ice. The water in it, theory suggests, would be kept liquid by tides, which create internal friction and therefore heat. On April 3rd a team led by Luciano Iess of the University of Rome confirmed that the ocean exists, and also showed that, like Earth's, it is not all-embracing. Dr Iess describes, in a paper in *Science*, how his team mapped Enceladus's gravity by tracking *Cassini*'s orbit. The moon's southern hemisphere is less massive than it would be were there no ocean, but its northern hemisphere is not. So the ocean covers only the southern part of the moon.

Psychology

Sweet little lies

Hormone treatment can stimulate deception for the benefit of friends

IT IRKED Hamlet that "one may smile, and smile, and be a villain." Little is known about the biological foundations of morality. Wrong can be done for the right reasons and dishonesty can protect others. Deception itself is driven by complex chemical processes—not all of them maliciously motivated, according to a new study published in the *Proceedings of the National Academy of Sciences* on the effects of oxytocin, a signalling molecule in the brain that is sometimes referred to as the "love hormone".

Falling in love releases oxytocin from the hypothalamus, encouraging coupling between doe-eyed romantics. It also triggers contractions during childbirth and bonding during breastfeeding. The latest study of its actions, though, suggests it has darker effects too. Shaul Shalvi, from Ben-Gurion University of the Negev, in Israel, and Carsten De Dreu, from the University of Amsterdam, in the Netherlands, have discovered that it encourages people to lie—not for themselves, but for the good of the group they are part of.

Such altruism emerged from an experiment in which Dr Shalvi and Dr De Dreu randomly assigned 120 male volunteers (women were excluded in case any were unknowingly pregnant) to one of two groups. Members of one were to receive a dose of oxytocin from a nasal spray; members of the other to sniff a placebo. Half the volunteers were then further divided into clans of three.

Thirty minutes after taking six puffs from the spray, each participant played a coin-tossing game on a computer. He had to watch a virtual coin being tossed 30 times, predict the outcome, remember the actual outcome and report on the accuracy of his forecast. For ten of the tosses (volunteers knew which ten) reporting a correct prediction won a clan member 30 cents, to be split three ways with the rest of the clan, while non-members of clans won ten cents. For another ten tosses a correct prediction lost the same amounts. For the remaining tosses no money was at stake. And throughout the process incorrect predictions had no effect.

As might be expected, people tended to lie when it was to their advantage to do so—over-reporting correct guesses when they would result in profit, underreporting them when a loss would result and telling the truth (more or less) when it made no difference. There was, though, one intriguing anomaly. Clan members, and only clan members, lied a lot more under the influence of oxytocin when they reported their results for the profit-related tosses.

This effect was huge. Oxytocin-affected clan members were twice as likely as anyone else to fib to extreme levels, by claiming nine or ten correct predictions (in reality, such runs of good luck would happen to only one person in 100). That helped them, of course, but since no similar effect was seen in non-members, Dr Shalvi and Dr De Dreu think the help to fellow members of a clan is the significant point. Weirdly, though, they saw nothing equivalent when accurate reporting of a toss resulted in a loss to the clan. Oxytocin did not encourage people to lie about this. Perhaps the hormone stimulates lying about positive things but not negative ones. ■

Beer and barbecues

A marriage made in heaven

To reduce the health risk of barbecuing meat, just add beer

GRILLING meat gives it great flavour. This taste, though, comes at a price, since the process creates molecules called polycyclic aromatic hydrocarbons (PAHs) which damage DNA and thus increase the eater's chances of developing colon cancer. For those who think barbecues one of summer's great delights, that is a shame. But a group of researchers led by Isabel Ferreira of the University of Porto, in Portugal, think they have found a way around the problem. When barbecuing meat, they suggest, you should add beer.

This welcome advice was the result of some serious experiments, as Dr Ferreira explains in a paper in the *Journal of Agricultural and Food Chemistry*. The PAHs created by grilling form from molecules called free radicals which, in turn, form from fat and protein in the intense heat of this type of cooking. One way of stopping PAH-formation, then, might be to apply chemicals called antioxidants that mop up free radicals. And beer is rich in these, in the shape of melanoidins, which form when barley is roasted. So Dr Ferreira and her colleagues prepared some beer marinades, bought some steaks and headed for the griddle.

One of their marinades was based on Pilsner, a pale lager. A second was based on a black beer (type unstated). Since black beers have more melanoidins than light beers—as the name suggests, they give it colour—Dr Ferreira's hypothesis was that steaks steeped in the black-beer marinade would form fewer PAHs than those steeped in the light-beer marinade, which would, in turn, form fewer than control steaks left unmarinated.

And so it proved. When cooked, unmarinated steaks had an average of 21 nanograms (billionths of a gram) of PAHs per gram of grilled meat. Those marinated in Pilsner averaged 18 nanograms. Those marinated in black beer averaged only 10 nanograms. Tasty and healthy too, then. Just what the doctor ordered.

Also in this section

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Stockmarkets

Fast times

The author of "Liar's Poker" uncovers more shenanigans on Wall Street

Flash Boys: Cracking the Money Code. By Michael Lewis. *W.W. Norton; 274 pages; $27.95. Allen Lane; £20*

WHAT can you do in thirteen-thousandths of a second? It is not even enough time to blink your eye. But it does give so-called high-frequency traders (HFTS) enough time to buy and sell shares in today's stockmarket. Most people would mark down such frenetic trading as a sign of technological progress and forget about it. But Michael Lewis's new book, "Flash Boys", alleges that this hyperactivity is a sign of how rigged today's markets are against ordinary investors.

Mr Lewis recounts how a group spent $300m to lay a cable in the straightest possible line from Chicago to New York, cutting through mountains and under car parks, just so the time taken to send a signal back and forth could be cut from 17 milliseconds to 13. In return, the group could charge traders $14m a year to use the line.

Traders were willing to shell out those fees because those fractions of a second might generate annual profits of $20 billion. That money, Mr Lewis alleges, comes from the pockets of other investors. The problem was first noticed by investors in the middle of the last decade. Suddenly they found that when they placed an order to buy or sell, the market price would move against them. Somebody appeared to be one step ahead. That was the HFTS at work.

The HFTS' trading edge comes from two different sources. When an investor presses the button to deal, that signal is sent to a broker or bank, who in turn is supposed to search the many different stock exchanges for the best price. But because of the time taken for trading signals to be sent down the wire, those orders arrive at different stock exchanges at separate times. The HFTS were sitting in wait, and used their advantage to exploit the time differences.

Often, the HFTS place buy or sell orders for small amounts at individual exchanges. When those orders get filled, that is a signal that a big investor has a much bigger stake to offload. Sometimes the HFTS' orders are designed not to be filled, but to flush out which way the institutions are planning to trade; HFTS comprise half of all trades on the American market but submit almost 99% of the orders.

Perhaps the best analogy is with the people who offer you tasty titbits as you enter the supermarket to entice you to buy; but in this case, as soon as you show appreciation for the goods, they race through the aisles to mark the price up before you can get your trolley to the chosen counter.

The second edge comes from the existence of "dark pools"—trading venues set up, usually by banks, that were designed to give investors anonymity. Banks, says Mr Lewis, have been allowing HFTS access to those pools in return for a fee, allowing them to prey on unsuspecting investors.

The HFTS vigorously counter Mr Lewis's criticisms. One trade body sent out its response before it had even had a chance to read the book. Markets now are much more liquid, they say, and the spreads (the gap between buy and sell prices) are lower. But as the author points out, the numbers can be illusory; the average size of trades has fallen sharply. If you have 10,000 shares to sell, the fact that you can sell the first 100 at a tight spread does not help if you are forced to offload the remaining 9,900 shares at a lower price.

"Flash Boys" makes a strong case. Whether it will sell as well as two of Mr Lewis's earlier works, "Moneyball" and "Liar's Poker", is unclear. His hero is a former Royal Bank of Canada trader, Brad Katsuyama, who recognised the problems caused by HFTS and set up a trading forum to treat investors fairly, in the face of much industry resistance. But Mr Katsuyama comes across as earnest, rather than colourful, and offers the author few chances to indulge in his trademark humour. Meanwhile the general reader may struggle with the minutiae of stock-trading.

As a piece of investigative journalism, the hardback edition of the book has a few holes. There is no index, nor are there any charts or tables to bolster Mr Lewis's case; readers hear very little from the investors whom the author says are being ripped off. If Mr Lewis is right, the victims should start making their voices heard. ■

New fiction

Go for gothic

The Quick. By Lauren Owen. *Jonathan Cape; 517 pages; £12.99. To be published in America by Random House in June; $27*

LAUREN OWEN'S debut, "The Quick", a long and complex gothic fiction, has been praised by Kate Atkinson and Hilary Mantel. It starts in about 1870 in Aiskew Hall, a "mostly shut-up" old house in Yorkshire. From there it plunges into a murky late-Victorian London of secret gentleman's clubs, glittering ballrooms, East End doss houses, steam trains and rattling carriages. (The familiarity of the setting is acknowledged by passing references to novels by Wilkie Collins and Sir Arthur Conan Doyle.)

Extracts from scientific treatises and the notes of a would-be detached observer called Augustus Mould explain the mysterious deaths and woundings that are taking place. Details of nasty procedures, such as the "Exchange" (a blood-brothers ritual) and "Mazement" (the invasion of another's thoughts), explain why fresh blood is needed, and describe the undead's constant chill and fear of light, as well as the efficacy of holy water and silver knives.

London's quiet yards and back streets are named and specific. Set-piece scenes, such as the destruction by fire of the Aegolius Club and an encounter in the catacombs under Kensal Green cemetery, are full of detail—blood on a white shirtfront, a body in a sack "all heavy and broken odd angles". The characters weep and tremble and feel their vital fluids drain away. Above all they are gripped by fear.

This fear derives only in part from the premise of a cabal of bloodsucking undead who roam the streets in search of victims. Amid violent encounters, graphic fights and shocking plot twists, deeper terrors come from paranoia; strangers spotted in the street might be simple predators, agents out to round up escapees, the surviving undead, or simply ghosts. Two sympathetic protagonists, Charlotte Norbury, who is trying to save her brother from the vampiric sect, and Arthur Howland, a rich young American who wishes to help her, undertake a quest that takes them across Europe. The novel's last few short chapters follow the logic of the plot to a mysterious escape and the promise of continuation. The book's energy, its wide reach and rich detail make it a confident example of the "unputdownable" novel.

Avian zoology

Fairy creatures

The Thing with Feathers: The Surprising Lives of Birds and What They Reveal About Being Human. By Noah Strycker. *Riverhead; 288 pages; $27 and £16.95*

PLATO suggested that humans were "bipeds without feathers". People walk on two legs like most avian species. They are also largely diurnal and rely upon sight as their primary sense. All of this, incidentally, is unlike most mammals. Yet how much do humans really share with birds?

More than people admit, argues Noah Strycker, an American field biologist, in a new book. The author wants people to appreciate birds "one feather at a time". He trawls through an impressive amount of field research and introduces readers to some flabbergasting facts.

A manx shearwater, for instance, was once kidnapped from a burrow on the Welsh coast and flown 3,200 miles (5,150km) before being released in Boston harbour. In less than 13 days it had found its way home. Mr Strycker also alights on the amazing biometrics of hummingbirds, whose pea-sized hearts are the largest of any bird when measured in proportion to the bird's body mass. These vast organs can pound away at a staggering rate of 1,200 beats a minute.

What makes Mr Strycker's hummingbird essay particularly engaging is his concern to explore how the avian facts carry implications for human beings. It turns out that humans and hummingbirds, despite differences of scale and style, enjoy a lifespan of about a billion heartbeats, a rule that holds good for many warm-blooded animals, from mice to elephants. But hummingbirds are "trapped" in an evolutionary sense at the outer margins of warm-blooded existence, locked by their relentless quest for high-calorie foods into a cycle of aggression, isolation and the constant threat of starvation.

None of this would matter were it not for the fact that human lives are also moving this way. The pace of life is quickening in wealthier countries; one study shows that it takes people an average 10.5 seconds to cover 60 feet (18.3 metres) of pavement in Singapore, 18 seconds in Bahrain and 31 seconds in Malawi, indicating marked differences between developed and developing nations. Overall, people walk fastest in the world's biggest cities. Mr Strycker thinks people should heed the hummingbirds—creatures that are "slaves to speed, desperately fighting for control of calories".

"The Thing with Feathers" turns a shrewd, comparative eye on a succession of bird families to explore what he calls their "human" characteristics. Most striking are the gorgeous Australian fairy-wrens (pictured), whose intergenerational altruism looks uncannily like humans' supportive family life, and the bowerbirds of New Guinea: avian painters and decorators that construct fancy little "gardens" of shell, pebble and foliage where they lure potential partners into a mating mood. Could these bowers emanate from an aesthetic appreciation comparable to that manifest in human art? And does the albatross, always so loyal to its single long-term partner, raise the possibility of "love" and "commitment" that matches people's own marital lives? This is an engaging work which illuminates something profound about all life, including our own. ■

Family man

Cesar Chavez

The grapes of wrath

The Crusades of Cesar Chavez. By Miriam Pawel. *Bloomsbury; 588 pages; $35. To be published in Britain in May; £25*

ON THE last day of March, California, Colorado and Texas celebrated Cesar Chavez day, marking the memory of a man who is the closest thing America's 53m Latinos have to a Martin Luther King. The date is Chavez's birthday; it was also, he would tell journalists, the anniversary of the day in 1962 when he resigned from a community service group to form his farmworkers' union. Yet among the revelations of Miriam Pawel's detailed biography, which will become the definitive life, is the news that he actually quit two weeks earlier. A minor infraction, perhaps, but it illuminates how willing the man, whom many came to see ▸▸

as saintlike, was to construct his own creation myths.

Ms Pawel, a former journalist, regards earlier Chavez lives as hagiography. She might say the same of a new Hollywood film directed by Diego Luna. Her book, by contrast, does not shy from the more troubling sides of her subject. Charismatic, if unprepossessing in his plaid shirt and olive trousers, the gap-toothed Chavez inspired thousands of Hispanic and Filipino farmworkers to down tools on grape farms in California's Central Valley with cries of "*Huelga!*" (strike). Crippling consumer boycotts, organised by Chavez-followers across America, drove intransigent growers to negotiation and sometimes capitulation. Farmers who had sworn they would never recognise farmworkers' collective representation found themselves signing away their hiring rights.

Chavez was a media-savvy pragmatist not averse to dealmaking. Yet unlike the hard-headed Anglos who ran the industrial unions, he saw himself more as a spiritual guide than a labour leader. He despaired of the tendency among poor workers he helped to desire colour televisions and golf clubs as they grew richer. He distrusted colleagues who sought pay rises, and rejected them for himself; sacrifice, he urged, must be the mark of the movement. He embarked on regular fasts, both to draw attention to the cause and, in trying times, to strengthen his own fortitude. Gandhi, rather than King, was the role model.

Such personal commitment inspired fathomless devotion among Chavez's acolytes, among them student dropouts, wealthy socialites and Bobby Kennedy, as well as members of Chavez's United Farm Workers Union (UFW). Legal reforms were achieved, rival unions stared down. But Chavez's single-mindedness also brought forth eccentric decision-making, autocratic leadership and administrative chaos that would ultimately undo a lot of the earlier good work. Many *cesarchavistas*, for example, were dismayed by their hero's dalliance in the late 1970s with the leader of a drug-rehabilitation group with cultlike qualities, who advocated mandatory vasectomies for men.

By the time of Chavez's death in 1993 the UFW had dwindled to around 20,000 members from a peak of 80,000 in the early 1970s. He was lauded more by politicians in distant states seeking the glow of his aura than by those who knew him. The endless schools named after him were populated with children who knew more about his namesake, a world-champion boxer, than the man who had inspired their parents to form picket lines.

Today Chavez's memory is being pressed into service in the fight to reform America's immigration system, including legalisation for the 11m-12m illegal migrants. There is an irony here; Chavez was hostile to illegal Mexican workers for undercutting his ability to withdraw labour from the fields, even reporting some to officials. Yet were he alive today he would surely not be deaf to the laments of the families broken by America's deportation machine. His battle cry *¡Sí Se Puede!* (later adapted by candidate Barack Obama) was originally formulated as a response to cynics who said change was impossible. ■

New American theatre

Mind the gaps

NEW YORK

The super sad, true plays of Will Eno

SO MUCH theatre is big and juicy. People fall in love and sing about it, or they murder someone and rue the day. But much of life is made of small, modest pleasures (tasty mints, starry nights) and tiny tragedies (an errant comment, an uncomfortable shoe). The real dramas are not easily dramatised. They involve quiet feelings of disappointment or vague questions about what constitutes a meaningful life. These are the concerns, at once existential and banal, that drive the plays of Will Eno. The results are moving and rather funny.

After more than a decade of steady work and critical acclaim on small stages, mostly in New York and around Britain, Mr Eno is about to have his Broadway debut. "The Realistic Joneses", starring Toni Collette, Michael C. Hall, Tracy Letts and Marisa Tomei, opens at the Lyceum theatre in Manhattan on April 6th. Meanwhile another new play, "The Open House", just ended a successful off-Broadway run. For a playwright whose characters often seem to be grasping for affirmation—a feeling of security that is just out of reach—this is a nicely gratifying moment. At 49, Mr Eno is ready for his close-up.

Whittling in the dark

"The Realistic Joneses" considers two couples, both called Jones, who are neighbours in a small town near the mountains. Mr Eno wanted to write about "how people deal with the seemingly undealable with". The men are both ill with some mysterious malady. Their wives handle the grim uncertainty in different ways: one is stoic, the other retreats into denial. But this makes the play sound much heavier than it is. "The Realistic Joneses" is thrilling to watch for Mr Eno's way with dialogue, which eludes melodrama and embraces a rhythmic and humane weirdness.

In one scene, for example, two neighbours run into each other at a supermarket. Their fumbling conversation is like an inept game of catch. They grasp vainly at language that might bridge the gap between them. This is typical of Mr Eno's work. His plays toy with the gaps of life, recognising not only the breaches between people, but also the spaces between what they say and what they feel, or what one says and another hears. His characters are often lonely and a bit self-conscious. "This was fun," says one. "I mean, not fun, but, definitely some other word." It is the theatre of awkwardness.

"On its own terms, awkwardness must be entertaining," Mr Eno explains. "It is a sort of a tipping point. Things are going to get better or they're going to get worse." In his hands, awkwardness feels not just uncomfortable, but dramatically vital. His recognition of the frailty of language—his delight in the drama of subtext, the real mode of 21st-century communication—creates space for the audience to interpret what they are seeing. Stellar acting makes Mr Eno's stilted, stylised dialogue plausible. Mr Hall is particularly impressive, inhabiting his odd character with a wilful guilelessness.

This talent for finding light in life's shadows first earned Mr Eno serious attention in 2005, with the New York debut of "Thom Pain (based on nothing)". An extended monologue, delivered by a "skinny, wounded" man in a shabby suit, it is full of the patter of someone who is just old enough to be burdened with regrets but not so old as to be without hope. "You really are very forgiving", Thom Pain tells the audience, "to let me get lost like this." In a breathless review, Charles Isherwood of the *New York Times* anointed Mr Eno "a Samuel Beckett for the Jon Stewart generation". The play was a finalist for the Pulitzer prize, marking a turning point in Mr Eno's career. Yet he still lives in Greenpoint, Brooklyn, and helps support himself by painting houses and other odd jobs.

Mr Eno "whittles every single word," ▸▸

observes Sam Gold, who directs "The Realistic Joneses". In person, the playwright is affable and at ease, even as he embodies some of the self-consciousness of his plays. (After referring to some of the "missteps and foibles" of his youth, he pauses to correct himself: " 'foibles' doesn't sound like a painful enough word.") He is also quick to acknowledge Beckett's influence, less for the writer's formal inventiveness than for his "simple human stuff". For example, he cites the line in "Endgame" when Hamm declares, "Get out of here and love one another."

Mr Eno's plays are, in the end, the work of a man who sees life for what it is, but who believes it is all worth the fight of another day. As Bob (Mr Letts) tells the others near the end of "The Realistic Joneses": "I don't think anything good is going to happen to us. But, you know, what are you going to do?" He then discovers a mint in his pocket and pops it in his mouth: "I like mints. Mint." ■

Contemporary art in LA

Homebase

LOS ANGELES

The many influences of Mike Kelley

MANY artists have been vital to Los Angeles, but for some the city's seminal son is Mike Kelley, who committed suicide two years ago, aged 57. More famous names have spawned greater legions of imitators or improved the business side of art in LA. Kelley put down roots here, tapping into the underbelly of America's shiny exterior. Now a sprawling retrospective opens at two Museum of Contemporary Art (MOCA) locations. It shows more clearly than either of its previous incarnations (at the Stedelijk Museum in Amsterdam and PS1 in New York) just how productive Kelley was, spilling forth ideas that continue to inform not just LA and the art world, but mainstream American culture.

Kelley arrived in 1976 to study at the California Institute of the Arts (CalArts), north-west of the city. He quickly found that he hated driving, a perverse characteristic of someone born in Detroit (America's "Motor City") who then chose to work in a place where cars play such a central role. He also felt trapped by rival factions at CalArts, flanked by followers of traditional painting on one side and on the other by those who preferred the more conceptual art that was in vogue during the 1970s. So he looked for a way out.

Kelley found this first in music—or more accurately, in noise—and then through performance. He also created props for his acts, some of which are in the show. When his Mid-Western parents asked about his profession, he told them he was a stand-up comedian. It was easier than trying to explain his art. Kelley was not fashionable and he never expected his art would sell. He had grown up in a blue-collar family and worked in his 20s to support his passion. "I wasn't pretty enough to be a waiter," he told friends. "I had to moonlight as a night guard on movie sets."

Kelley came to LA just as video was becoming the new canvas for the avant-garde. The MOCA show provides multiple opportunities to experience Kelley's first video work, "The Banana Man". It is a profane, Dadaist parody of a children's show, but one can see in it the seeds of his breakthrough piece, "More Love Hours Than Can Ever Be Repaid" (pictured). Kelley became known for his melancholic work with toys and dolls. The MOCA exhibit is being called "The First Comprehensive Retrospective", and it rightly emphasises the importance of his video work.

The main atrium of MOCA's Geffen Contemporary is filled with Kelley's sprawling "Day is Done". This very personal piece, part of a larger planned work, is the first thing people see when they enter the show. At PS1 it stood alone in a claustrophobic former classroom, which did not do it justice. These pieces, which feel like tableaux from a grand passion play, benefit from the large MOCA galleries. Kelley's ideas need room to breathe.

About 20 works have been added to the show. A major piece is the giant two-part sculpture, "Framed and Frame", which pays tribute to LA's Chinatown district—in Kelley's youth one of the centres of the punk-music scene that so influenced his work. Whether making junk-like props for performances or large pop-art sculptures (like the shimmering Kandor pieces from later in his career), Kelley's craftsmanship was never shoddy. The care with which he recreated a real-life, almost Gaudí-like fountain in "Framed and Frame" is impressive; it clearly inspired the ornate "Memory Ware" collages that followed a few years later and which hang on the wall nearby.

Kelley was included in MOCA's first show back in 1983, so the museum used the opening of this retrospective to host a gala evening celebrating its history. After the well-heeled guests filed out of the galleries to the opulent dining tent, the night guards in the museum stayed at their posts. As the evening wore on, they gathered together to take photos of Kelley's art, some of them posing alongside it.

Kelley would have liked the way his work appeals to the smartphone, video-sharing, mash-up popular culture of today. He liked the idea of inspiring creativity in others. Kelley was always collaborating with fellow Angelinos: Ed Ruscha, Paul McCarthy and other artists pop up in various works in the show. Kelley left most of his estate to the foundation he created to assist young artists.

The MOCA show cannot really be called a homecoming. Kelley never left LA, despite his hatred of driving and a growing distrust of the burgeoning art scene here. But seeing this retrospective in the artist's adopted city provides a strong sense of why he stayed. Kelley loved the other artists, young and old, who chose not to go to New York, but rather made Los Angeles home for the same reasons he did. ■

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Foresight and Targeting Specialist / Ref. 12239 [CIMMYT-HQ, Mexico]
The position will develop and lead CIMMYT's Foresight and Targeting research strategy and team. CIMMYT's research-for-development (R4D) aims to improve the livelihoods of poor maize and wheat farmers and consumers across the developing world in Africa, Asia and Latin America. The position focuses on developing and using applied social science foresight and targeting tools to help prioritize, guide and target R4D investments for maximum impact for CIMMYT and the MAIZE and WHEAT Consortium Research Programs. You will explore future wheat and maize needs and translate these into innovation investments needs and innovation adaptation requirements. You will also explore current innovation investments and opportunities and assess their likely future impact. The position contributes to and draws on the experiences of a large multi-disciplinary R4D team working for CIMMYT across the target continents.

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Please visit http://www.cimmyt.org/en/who-we-are/job-opportunities to obtain full job details and instructions on how to apply to these positions. For further information on the selection process, please contact Guillermo Flores, at g.flores@cgiar.org

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KENYA PORTS AUTHORITY

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b. Organization Review and Labour Assessment Study; and
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b. Time and Motion study for Physical Cargo Handling and Clearance Operations; and,
c. Analysis of Operational Statistics.

PRQ20131194: Financial analysis services to TMEA's Port Partners to:

a. Help identify and produce financial analysis for TMEA's Port partners needed for modern port operations;
b. Produce financial analysis to support TMEA's Port partners in making critical financial decisions on investments and development plans; and
c. Help identify and address gaps in the ability of TMEA's Port partners to provide high-quality financial analysis.

Expression of interest (EOI) document for each of the 3 areas can be obtained at TMEA's website www.trademarkea.com. Any queries should be directed to procurement@trademarkea.com . The closing date for submissions is **30th April 2014 (4.00 p.m. Kenya time).**
Interested and qualified firms must register and apply online ONLY on the TMEA procurement portal at the website: http://procurement.trademarkea.com . All attachments must be 5MB or less. Firms may bid for any or all consultancy areas but a separate application must be submitted for each. Only successful bidders will be notified.

No response shall be given for queries submitted 7 days prior to submission deadline.

TRADE MARK EAST AFRICA
Supporting East African Integration

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Property

Economic and financial indicators

Economic data

% change on year ago

	Gross domestic product latest	GDP qtr*	GDP 2014†	Industrial production latest	Consumer prices latest	Consumer prices 2014†	Unemployment rate, %	Current-account balance latest 12 months, $bn	Current-account balance % of GDP 2014†	Budget balance % of GDP 2014†	Interest rates, % 10-year gov't bonds, latest	Currency units, per $ Apr 2nd	Currency units, per $ year ago
United States	+2.6 Q4	+2.6	+2.8	+3.0 Feb	+1.1 Feb	+1.7	6.7 Feb	-379.3 Q4	-2.1	-2.9	2.80	-	-
China	+7.7 Q4	+7.4	+7.3	+8.6 Feb	+2.0 Feb	+2.8	4.1 Q4§	+188.6 Q4	+1.7	-2.2	4.18§§	6.21	6.20
Japan	+2.6 Q4	+0.7	+1.2	+6.9 Feb	+1.5 Feb	+2.6	3.6 Feb	+23.0 Jan	+0.5	-8.1	0.63	104	93.5
Britain	+2.7 Q4	+2.7	+2.9	+2.9 Jan	+1.7 Feb	+1.9	7.2 Dec††	-111.7 Q4	-3.3	-5.4	2.79	0.60	0.66
Canada	+2.7 Q4	+2.9	+2.3	+3.4 Jan	+1.1 Feb	+1.5	7.0 Feb	-58.9 Q4	-2.8	-2.6	2.55	1.10	1.02
Euro area	+0.5 Q4	+0.9	+1.1	+2.1 Jan	+0.5 Mar	+0.9	11.9 Feb	+298.0 Jan	+2.3	-2.5	1.62	0.73	0.78
Austria	+0.9 Q4	+1.4	+1.3	+5.0 Jan	+1.5 Feb	+1.7	4.8 Feb	+11.2 Q4	+3.1	-1.9	1.86	0.73	0.78
Belgium	+1.0 Q4	+2.0	+1.2	+3.7 Jan	+0.9 Mar	+1.1	8.5 Feb	-8.0 Dec	-0.8	-2.5	2.21	0.73	0.78
France	+0.8 Q4	+1.2	+0.8	-0.1 Jan	+0.9 Feb	+1.1	10.4 Feb	-45.3 Jan	-1.6	-4.2	2.14	0.73	0.78
Germany	+1.4 Q4	+1.5	+1.8	+5.0 Jan	+1.0 Mar	+1.3	6.7 Mar	+281.9 Jan	+6.8	+0.5	1.62	0.73	0.78
Greece	-2.3 Q4	na	nil	+1.1 Jan	-1.1 Feb	-1.0	27.5 Dec	+1.6 Jan	+1.6	-2.5	6.19	0.73	0.78
Italy	-0.9 Q4	+0.3	+0.5	+1.4 Jan	+0.4 Mar	+0.7	13.0 Feb	+19.7 Jan	+1.0	-3.3	3.31	0.73	0.78
Netherlands	+0.8 Q4	+3.7	+0.9	+2.0 Jan	+1.1 Feb	+1.0	8.8 Feb	+83.1 Q4	+9.9	-3.0	1.80	0.73	0.78
Spain	-0.1 Q4	+0.7	+0.8	-0.1 Jan	nil Feb	+0.4	25.6 Feb	+10.0 Jan	+1.4	-5.8	3.18	0.73	0.78
Czech Republic	+0.8 Q4	+7.5	+1.6	+5.5 Jan	+0.2 Feb	+1.0	8.6 Feb§	-2.9 Q4	-1.2	-2.9	2.15	19.9	20.2
Denmark	+0.5 Q4	-2.3	+1.2	-5.0 Jan	+0.5 Feb	+1.3	5.3 Feb	+24.4 Jan	+6.2	-1.8	1.67	5.42	5.81
Hungary	+2.7 Q4	+2.2	+2.1	+6.0 Jan	+0.1 Feb	+1.4	8.6 Feb§††	+3.9 Q4	+1.9	-3.0	5.58	223	235
Norway	+1.1 Q4	-0.7	+2.2	+1.3 Jan	+2.1 Feb	+2.1	3.5 Jan‡‡	+54.5 Q4	+12.5	+12.0	2.87	5.97	5.81
Poland	+2.7 Q4	na	+2.9	+5.3 Feb	+0.7 Feb	+1.5	13.9 Feb§	-6.4 Jan	-1.8	-3.5	4.26	3.03	3.26
Russia	+2.0 Q4	na	+2.0	+2.0 Feb	+6.2 Feb	+5.6	5.6 Feb§	+32.8 Q4	+0.9	-0.4	8.90	35.4	31.2
Sweden	+3.1 Q4	+7.1	+2.5	+0.8 Jan	-0.2 Feb	+0.6	8.5 Feb§	+34.6 Q4	+6.0	-2.0	2.14	6.48	6.47
Switzerland	+1.7 Q4	+0.6	+2.0	+0.4 Q4	-0.1 Feb	+0.3	3.2 Feb	+84.4 Q4	+11.3	+0.5	0.95	0.89	0.95
Turkey	+4.4 Q4	na	+2.2	+7.2 Jan	+7.9 Feb	+9.1	10.0 Dec§	-64.0 Jan	-6.0	-2.7	10.30	2.13	1.80
Australia	+2.8 Q4	+3.2	+2.7	+2.8 Q4	+2.7 Q4	+2.8	6.0 Feb	-44.2 Q4	-2.9	-1.9	4.17	1.08	0.96
Hong Kong	+3.0 Q4	+4.4	+3.5	+0.5 Q4	+3.9 Feb	+3.6	3.1 Feb‡‡	+5.6 Q4	+2.6	+1.4	2.39	7.76	7.76
India	+4.7 Q4	+3.2	+6.1	+0.1 Jan	+8.1 Feb	+7.9	9.9 2012	-49.2 Q4	-2.8	-5.3	8.96	59.8	54.3
Indonesia	+5.7 Q4	na	+5.4	+0.9 Jan	+7.3 Mar	+7.0	5.8 Q4§	-28.5 Q4	-3.8	-2.3	na	11,293	9,737
Malaysia	+5.1 Q4	na	+5.1	+3.6 Jan	+3.5 Feb	+3.2	3.3 Jan§	+11.7 Q4	+5.3	-4.1	4.14	3.27	3.09
Pakistan	+6.1 2013**	na	+3.9	+2.6 Jan	+8.5 Mar	+6.9	6.2 2013	-4.0 Q4	-2.1	-6.3	12.85†††	98.1	98.3
Singapore	+5.5 Q4	+6.1	+4.2	+12.8 Feb	+0.4 Feb	+2.7	1.8 Q4	+54.4 Q4	+19.5	+0.7	2.50	1.26	1.24
South Korea	+3.6 Q4	+3.6	+3.3	+4.3 Feb	+1.3 Mar	+2.0	4.5 Feb§	+83.6 Feb	+4.4	+0.5	3.56	1,057	1,118
Taiwan	+2.9 Q4	+7.3	+3.2	+7.0 Feb	nil Feb	+1.0	4.1 Feb	+57.4 Q4	+11.1	-2.1	1.62	30.3	29.9
Thailand	+0.4 Q4	+2.4	+3.0	-4.4 Feb	+2.1 Mar	+2.8	0.9 Feb§	-2.8 Q4	+2.6	-2.2	3.76	32.4	29.4
Argentina	+5.5 Q3	-0.7	-0.6	-0.5 Feb	— ***	—	6.4 Q4§	-4.3 Q4	-0.2	-2.4	na	8.00	5.12
Brazil	+1.9 Q4	+2.8	+1.8	+5.0 Feb	+5.7 Feb	+6.0	5.1 Feb§	-82.5 Feb	-3.6	-4.0	12.74	2.27	2.02
Chile	+2.7 Q4	-0.3	+4.1	+2.6 Feb	+3.2 Feb	+3.2	6.1 Feb§‡‡	-9.5 Q4	-4.2	-1.0	5.02	553	473
Colombia	+4.9 Q4	+3.3	+4.7	+0.6 Jan	+2.3 Feb	+2.8	10.7 Feb§	-12.7 Q4	-3.6	-0.9	6.40	1,962	1,821
Mexico	+0.7 Q4	+0.7	+3.0	+0.7 Jan	+4.2 Feb	+4.5	4.7 Feb	-22.3 Q4	-1.6	-3.7	7.75	13.1	12.3
Venezuela	+1.1 Q3	-0.8	-1.9	+0.8 Sep	+57.4 Feb	+61.0	7.2 Feb§	+6.9 Q3	+1.6	-12.0	12.77	6.29	6.29
Egypt	+1.0 Q3	na	+2.0	-6.8 Jan	+9.8 Feb	+9.9	13.4 Q4§	-3.3 Q4	-2.4	-12.7	na	6.97	6.81
Israel	+3.6 Q4	+2.7	+3.4	+1.7 Jan	+1.2 Feb	+1.5	5.8 Feb	+7.2 Q4	+2.9	-2.8	3.59	3.47	3.61
Saudi Arabia	+3.8 2013	na	+4.0	na	+2.8 Feb	+3.2	5.6 2013	+134.3 Q4	+13.0	+1.9	na	3.75	3.75
South Africa	+2.0 Q4	+3.8	+2.5	+2.4 Jan	+5.9 Feb	+5.7	24.1 Q4§	-20.5 Q4	-6.2	-4.3	8.38	10.6	9.21

Source: Haver Analytics. *% change on previous quarter, annual rate. †*The Economist* poll or Economist Intelligence Unit estimate/forecast. §Not seasonally adjusted. ‡New series. **Year ending June. ††Latest 3 months. ‡‡3-month moving average. §§5-year yield ***Official number not yet proven to be reliable; The State Street PriceStats Inflation Index, February 32.22%; year ago 25.71% †††Dollar-denominated bonds.

Markets

	Index Apr 2nd	% change on one week	% change on Dec 31st 2013 in local currency	% change on Dec 31st 2013 in $ terms
United States (DJIA)	16,573.0	+1.9	nil	nil
China (SSEA)	2,155.7	-0.2	-2.7	-5.0
Japan (Nikkei 225)	14,946.3	+3.2	-8.3	-7.0
Britain (FTSE 100)	6,659.0	+0.8	-1.3	-0.9
Canada (S&P TSX)	14,459.1	+1.9	+6.1	+2.2
Euro area (FTSE Euro 100)	1,044.5	+1.9	+2.4	+2.3
Euro area (EURO STOXX 50)	3,187.5	+1.8	+2.5	+2.4
Austria (ATX)	2,556.3	+2.9	+0.4	+0.3
Belgium (Bel 20)	3,150.3	+1.8	+7.7	+7.7
France (CAC 40)	4,430.9	+1.0	+3.1	+3.1
Germany (DAX)*	9,623.4	+1.8	+0.7	+0.7
Greece (Athex Comp)	1,353.0	+1.6	+16.4	+16.3
Italy (FTSE/MIB)	21,692.0	+2.8	+14.4	+14.3
Netherlands (AEX)	406.1	+2.3	+1.1	+1.0
Spain (Madrid SE)	1,066.7	+2.9	+5.4	+5.3
Czech Republic (PX)	1,017.7	+1.5	+2.9	+2.5
Denmark (OMXCB)	647.7	+3.5	+14.4	+14.3
Hungary (BUX)	18,021.1	+6.2	-2.9	-6.3
Norway (OSEAX)	620.0	-0.5	+2.9	+4.4
Poland (WIG)	52,761.3	+2.1	+2.9	+2.4
Russia (RTS, $ terms)	1,222.5	+2.0	-8.8	-15.3
Sweden (OMXS30)	1,377.5	+1.9	+3.3	+2.4
Switzerland (SMI)	8,508.3	+2.1	+3.7	+4.1
Turkey (BIST)	70,648.0	+4.3	+4.2	+5.1
Australia (All Ord.)	5,408.8	+0.4	+1.0	+4.8
Hong Kong (Hang Seng)	22,523.9	+2.9	-3.4	-3.4
India (BSE)	22,551.5	+2.1	+6.5	+10.2
Indonesia (JSX)	4,870.2	+3.0	+13.9	+22.8
Malaysia (KLSE)	1,852.0	+0.7	-0.8	-0.6
Pakistan (KSE)	27,932.0	+4.1	+10.6	+18.5
Singapore (STI)	3,192.8	+1.6	+0.8	+0.9
South Korea (KOSPI)	1,997.3	+1.7	-0.7	-0.8
Taiwan (TWI)	8,905.5	+1.9	+3.4	+1.8
Thailand (SET)	1,396.6	+2.7	+7.5	+9.1
Argentina (MERV)	6,440.7	+5.0	+19.5	-2.6
Brazil (BVSP)	51,701.1	+7.8	+0.4	+4.4
Chile (IGPA)	18,706.4	+2.3	+2.6	-2.5
Colombia (IGBC)	14,045.2	+4.5	+7.5	+5.8
Mexico (IPC)	40,900.5	+2.9	-4.3	-4.2
Venezuela (IBC)	2,523.2	+0.9	-7.8	na
Egypt (Case 30)	7,930.1	-6.5	+16.9	+16.5
Israel (TA-100)	1,299.3	+0.9	+7.6	+7.5
Saudi Arabia (Tadawul)	9,537.8	+0.9	+11.7	+11.7
South Africa (JSE AS)	48,405.9	+1.6	+4.6	+3.3

The Economist poll of forecasters, April averages (previous month's, if changed)

	Real GDP, % change Low/high range 2014	Low/high range 2015	Average 2014	Average 2015	Consumer prices % change 2014	2015	Current account % of GDP 2014	2015
Australia	2.0/3.0	2.5/3.2	2.7 (2.6)	2.9	2.8 (2.7)	2.6 (2.5)	-2.9 (-3.2)	-2.7 (-3.0)
Belgium	0.9/1.4	0.8/1.8	1.2	1.4 (1.3)	1.1 (1.2)	1.6	-0.8 (-0.5)	-0.5 (-0.3)
Britain	2.4/3.5	2.0/3.6	2.9 (2.8)	2.6 (2.5)	1.9 (2.0)	2.0 (2.1)	-3.3 (-3.2)	-2.9
Canada	2.0/2.6	2.2/3.1	2.3	2.6	1.5	1.9	-2.8 (-2.9)	-2.5 (-2.6)
France	0.5/1.2	0.7/1.6	0.8	1.2	1.1	1.3	-1.6 (-1.7)	-1.5 (-1.6)
Germany	1.4/2.2	1.5/2.3	1.8	1.9	1.3 (1.4)	1.7 (1.8)	6.8 (6.6)	6.4 (6.2)
Italy	0.2/0.8	0.4/1.6	0.5 (0.4)	1.0 (0.9)	0.7 (0.8)	1.0 (1.1)	1.0 (0.8)	1.1 (1.0)
Japan	0.4/2.2	0.9/2.6	1.2 (1.4)	1.4 (1.3)	2.6 (2.5)	1.8 (1.7)	0.5 (0.9)	0.7 (1.0)
Netherlands	0.6/1.3	0.9/1.8	0.9 (0.8)	1.4 (1.2)	1.0 (1.2)	1.6 (1.7)	9.9 (9.5)	9.9 (9.4)
Spain	0.6/1.0	0.9/1.7	0.8 (0.7)	1.2	0.4	0.9 (1.0)	1.4 (1.1)	1.6 (1.8)
Sweden	1.4/3.6	2.3/3.4	2.5 (2.3)	2.7 (2.8)	0.6 (0.7)	1.7 (1.8)	6.0	6.1 (6.2)
Switzerland	1.7/2.4	1.8/2.8	2.0 (2.1)	2.2 (2.3)	0.3 (0.4)	0.8 (0.9)	11.3 (11.4)	11.1 (11.3)
United States	2.2/3.2	2.3/3.8	2.8	3.0 (2.9)	1.7 (1.6)	2.0 (1.9)	-2.1 (-2.2)	-2.1 (-2.2)
Euro area	0.9/1.4	1.0/2.1	1.1	1.5	0.9	1.3	2.3 (2.1)	2.3 (2.2)

Sources: Bank of America, BNP Paribas, Citigroup, Commerzbank, Decision Economics, Deutsche Bank, Economist Intelligence Unit, Goldman Sachs, HSBC Securities, ING, JPMorgan Chase, KBC Bank, Morgan Stanley, RBC, RBS, Schroders, Scotia Capital, Société Générale, Standard Chartered, UBS

Other markets

	Index Apr 2nd	% change on one week	% change on Dec 31st 2013 in local currency	% change on Dec 31st 2013 in $ terms
United States (S&P 500)	1,890.9	+2.1	+2.3	+2.3
United States (NAScomp)	4,276.5	+2.5	+2.4	+2.4
China (SSEB, $ terms)	227.2	-0.2	-8.2	-10.4
Japan (Topix)	1,211.4	+3.4	-7.0	-5.7
Europe (FTSEurofirst 300)	1,343.4	+1.8	+2.1	+2.0
World, dev'd (MSCI)	1,687.5	+2.0	+1.6	+1.6
Emerging markets (MSCI)	1,005.0	+3.8	+0.2	+0.2
World, all (MSCI)	414.5	+2.2	+1.4	+1.4
World bonds (Citigroup)	926.9	-0.5	+2.2	+2.2
EMBI+ (JPMorgan)	674.4	+0.8	+3.5	+3.5
Hedge funds (HFRX)	1,241.6§	+0.6	+1.3	+1.3
Volatility, US (VIX)	13.1	+14.9	+13.7	(levels)
CDSs, Eur (iTRAXX)†	72.7	-8.1	+12.8	+12.8
CDSs, N Am (CDX)†	67.3	-6.4	+15.2	+15.2
Carbon trading (EU ETS) €	4.9	-16.7	-3.0	-3.1

Sources: Markit; Thomson Reuters. *Total return index. †Credit-default-swap spreads, basis points. §Apr 1st.

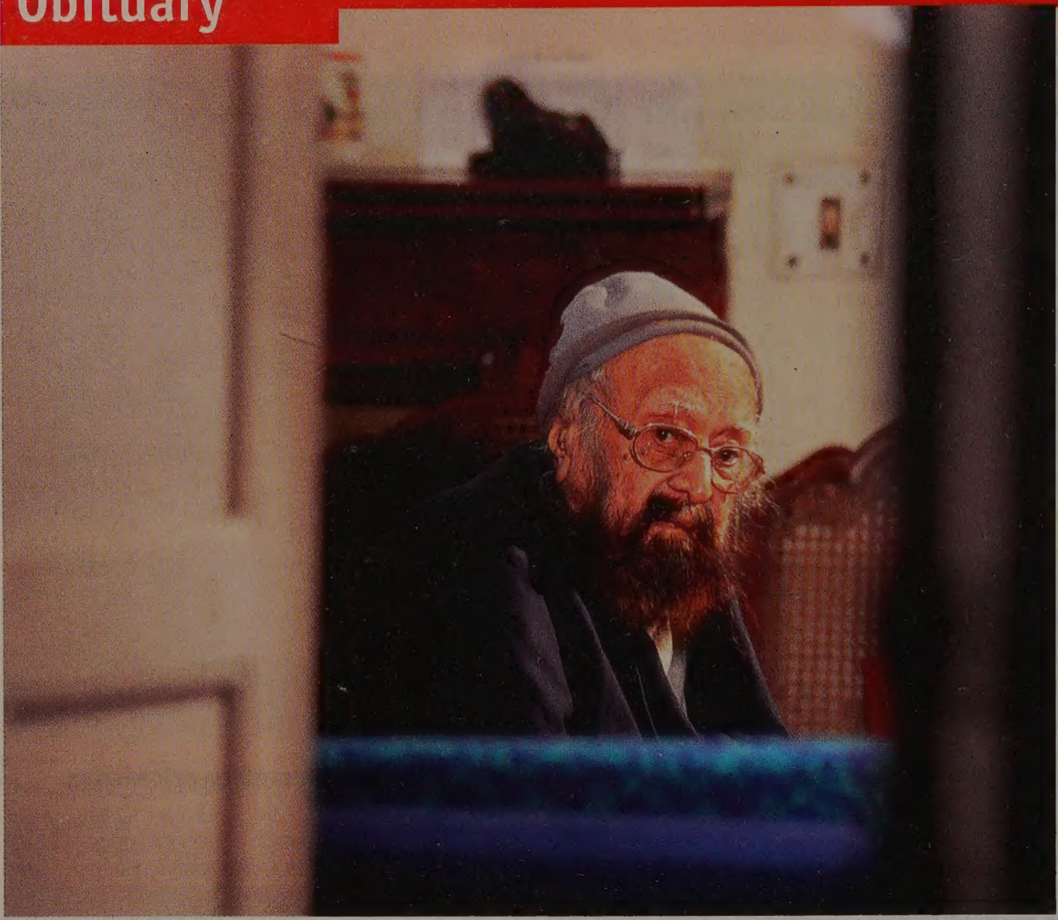
Indicators for more countries and additional series, go to: **Economist.com/indicators**

The Economist commodity-price index

2005=100

	Mar 25th	Apr 1st*	% change on one month	% change on one year
Dollar Index				
All Items	172.6	173.4	+0.3	-1.2
Food	201.8	202.9	+1.4	+2.8
Industrials				
All	142.2	142.8	-1.3	-6.5
Nfa†	155.4	155.6	+0.4	-5.7
Metals	136.6	137.3	-2.0	-6.9
Sterling Index				
All items	190.2	189.6	+0.5	-10.1
Euro Index				
All items	155.7	156.3	-0.1	-8.0
Gold				
$ per oz	1,311.9	1,281.2	-4.2	-19.1
West Texas Intermediate				
$ per barrel	99.5	99.5	-3.6	+2.6

Sources: Bloomberg; CME Group; Cotlook; Darmenn & Curl; FT; ICCO; ICO; ISO; Live Rice Index; LME; NZ Wool Services; Thompson Lloyd & Ewart; Thomson Reuters; Urner Barry; WSJ. *Provisional †Non-food agriculturals.



Khushwant Singh

Khushwant Singh, India's pre-eminent gadfly, died on March 20th, aged 99

AT THE mere age of 28, when he was still a briefless barrister in Lahore, Khushwant Singh wrote his own death notice. Besides his grieving family, he left "a large number of friends and admirers". Among the visitors to the residence were "several ministers, and justices of the high court". He would have been shocked to know that, when he actually died, the president of India, Sonia Gandhi of the Congress party, Narendra Modi of the BJP and a broad selection of editors sent their condolences. For by then he had also written his own epitaph:

> Here lies one who spared neither man nor God
> Waste not your tears on him, he was a sod

For 42 years, as editor of the *Illustrated Weekly of India* and then as a columnist for the *Hindustan Times*, Mr Singh seized India by the collar and shook it. His was the most unbuttoned voice in the whole English-language press. In the 1970s he turned the *Illustrated* from a drab ex-colonial publication into a racy, sexy must-read, filled with counter-cultural news from the West and bikini babes on Goan beaches. Over his nine-year tenure circulation soared from 60,000 to almost 400,000, more than the publisher could cope with; he was therefore fired, and circulation collapsed.

His *Hindustan Times* column, widely syndicated, was eventually called "With Malice Towards One and All". Singly and collectively he shot them down: the power-crazed politicians, the Hindutva fanatics, the "barbaric" mullahs of Pakistan, empty-headed Bollywood stars, commercialised cricket, modern cricket fans with their bugles and firecrackers, and the bare-bottomed defecators who lined city avenues in the mornings. Poetry and jokes leavened the invective. If he ran out of "loud-mouthed, sweaty, smelly" Indians to pillory there was the country itself, impossible India, like an overcrowded room or a swarming dung-heap—though, affectionately, "my dung-heap".

His column featured a cartoon of him sitting guru-like inside a light-bulb, with a pile of books beside him, girlie magazines to the fore and a Scotch and soda waiting. Those who visited him in Delhi found the cartoon exact. Scotch, certainly: always single malt, taken both in the evening and at dawn, as he rose to write his column. Books and papers everywhere, tokens of the scholarship that had produced fine translations of Urdu poetry and a highly regarded two-volume history of the Sikhs, despite his claims to be no scholar. And there, on the wall, naked female breasts, this time in a large oil painting that threatened to steam up his bifocals.

Sex was something he was famous for. No condom on *his* pen, he liked to jest. His several novels were full of uninhibited couplings, sultry eyes lined with antimony and lamp-black, and "little mango breasts" under tight shirts. He was no womaniser himself, happily married to Kawal for years, but he wanted to make the point that India was too constrained about sex. Though the country's art and literature suggested otherwise, sex was no fun there, mostly because there was so little privacy. Celebrate it! cried Mr Singh.

Warring over God

Religion was another favourite target. India, he wrote, was "constipated with a lot of humbug". God was Bade Mian, "Big Brother", in whom he did not believe, nor in heaven, nor hell. Though he was a Sikh, with uncut hair and beard and public turban, he enjoyed his alcohol and never said his prayers. He hoped the culture would survive for sheer variety, and not much else. Sikh secessionism got such short shrift from him that for a decade he was given an armed guard against militants. His serious point was that modern India was meant to be, and had to be, secular.

Sectarian strife had scarred him deeply. His boyhood home had been Lahore, then a centre for Urdu writers and poets—though he had also been educated outside it, including a spell in England. After partition in 1947, when Lahore fell into Pakistan, he left for Delhi and did not return, though he hoped some of his ashes might. The carnage visited by Muslims, Hindus and Sikhs on Sikhs, Hindus and Muslims was chronicled in his short and immensely powerful novel of 1956, "Train to Pakistan". It told the story of one border village, Mano Majra, in which everyone worked, lived and loved together, returning a "Salaam" for a "Sat Sri Akal", until the bad times came, pitting neighbour bloodily against neighbour.

Later in his life he saw more of the same: the storming of the Golden Temple of Amritsar, allegedly to clear out Sikh terrorists, by Indira Gandhi in 1984; the anti-Sikh riots that followed her murder later that year by her Sikh bodyguards; and the killings of Muslims in Gujarat, on Mr Modi's watch, in 2002. He lamented all of it. His closeness to Congress waxed and waned; what he constantly preached was rapprochement and non-violence.

And freedom. To proclaim the truth, and not be mealy-mouthed about it. To live passionately, lustily and wittily, and not apologise. To point out what was wrong with India and how, with hard work, it might improve. To go on doing so, week after week. The tormented worthies who mourned his death, sincerely or not, could not imagine his booming voice would be silenced even then. ■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